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FRIDAY, NOVEMBER 11, 1932



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» » » » » IT'S A BOY!

SOME DAY he will want to go to college.

More sons would be able to secure college educations if fathers and mothers knew an economical method of meeting expenses.

An Educational Policy in The Travelers will, for a reasonable premium, guarantee the funds for a college education.



THE TRAVELERS

The Travelers Insurance Company

The Travelers Indemnity Company

The Travelers Fire Insurance Company

CONNECTICUT

HARTFORD



Estate Creation becomes Estate Preservation

With the advent of the new Federal Estate Taxes, many an American family, which was formerly "not in the market" for life insurance, now finds itself in pressing need of more adequate life insurance protection against the heavy inroads that today's taxes will make against their estate . . . To assist our representatives in selling well-to-do prospects, we have prepared for them an especially timely and practical booklet, "What Will the New Taxes Do To Your Estate?"

THE CONNECTICUT MUTUAL LIFE INSURANCE COMPANY Hartford

"Established in 1846"

The National Underwriter

LIFE INSURANCE EDITION

Thirty-Sixth Year No. 46

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, FRIDAY, NOVEMBER 11, 1932

\$3.00 Per Year, 15 Cents a Copy

Commission Shift Weighed by Field

Proposal to Revise Compensation Studied by New York Leaders

VIEWS ARE CONFLICTING

Some Feel Cut in First Year Commissions Would Require Much Financing of New Agents

NEW YORK, Nov. 10 .- The possibility of readjustment of acents' commissions, with lower first year compensation and higher renewals, has provoked great interest and a diversity of opinion among general agents and managers here. The subject was dealt with prominently last week at the joint meeting of the Life Agency Officers Association and Life Insurance Sales Research Bureau in Chicago by President Chandler Bullock of the State Mutual Life and L. S. Morrison of the research bureau staff.

A few New York agency heads would welcome the change but most feel that wetcome the change but most reef int it would place formidable obstacles in the already rocky path of the general agent. Inasmuch as the cut would most effect the new agent with no renewals, it is pointed out that some means would have to be found for financing him at

As a means of checking twisting it would be ineffectual, J. S. Myrick, manager Mutual Life of New York, believes.

How to End Twisting

matter how commissions are readjusted, after a policy has been in force a certain length of time the situation that makes twisting possible will arise," Mr. Myrick declared. "The first thing to do is to get companies together in an agreement that as a matter of policy they will not accept twisted business. The present inter-company agree-ment to report to the company whose business is about to be replaced is a great forward step." great forward step.

Of the readington

Of the readjustment of commissions, J. Elliott Hall, general agent Penn Mu-

tual Life, said: "There is something to what Mr. Bullock and Mr. Morrison say. It would probably be better for the agent if his first commission were spread over a longer period. At the same time I would like to know how a general agent could start an agency from scratch, especially in these times, if first year commissions to agents were cut. I commissions to agents were cut. I question if a 10 percent renewal commission would interest the agent in taking better care of collections. He usually leaves that to the general agent,

The trouble is that few agents recognize the renewal commission as a service commission. Most of them think it

(CONTINUED ON PAGE 13)

Actuaries Debate Permanent, Five-Year Suicide Clauses

Opinion was pretty well divided at the annual meeting of the American Institute of Actuaries as to whether relief from suicide losses might be had by

from suicide losses might be had by adoption of a five-year or even a permanent suicide clause and as to whether extension of the clause is desirable in principle. The suicide question was part of the general discussion of mortality and underwriting.

R. E. Moyer, assistant actuary for the Missouri State Life, started the discussion. He reported on an analysis his company had made of experience of policies under \$10,000, of policies for \$10,000 and over \$10,000, showing the large policies have been giving higher large policies have been giving higher mortality. A survey of nonmedical business showed experience good to age 35, slightly higher 35-39 and materially higher above age 40. About the same results were shown from an analysis of

As to suicide, Mr. Moyer expressed the belief that more can be accomplished by selection than by reliance on the suicide clause. He interjected an expression of interest as to whether the difference in suicide clause is a competitive

Fluctuating Inco

Mr. Moyer advocated limiting the amount of insurance to some proportion of policyholder's income. Where income fluctuates, the applicant should be given less liberal treatment than where steady income is enjoyed, he said. Mr. Moyer warned against insuring people, whose havinges dealings are threatment and warned against insuring people, whose business dealings are unscrupulous and are operating just within the law. If they don't have steady incomes, he pointed out, and if they are brought to justice and convicted of law violation, they are likely to take the suicide route.

Mr. Moyer said that the percentage of double indemnity issued by the Missouri State is going down. In 1993, he said, 19 percent of Missouri State policies were issued with double indemnity; 1928, 41 percent; 1929-30, 38 percent; 1931, 36 percent, and in 1932 so far, 31

1931, 36 percent, and in 1932 so far, 31 percent. The public may not regard double indemnity as the bargain it used to be, he said, and probably agents are not offering it as freely, feeling that the

company is stricter.

A. J. Riley, assistant mathematician of the Mutual Benefit Life, said that selecthe Mutual Benefit Life, said that selection against the company is as apt to exist in the small as in the big cases. The Mutual Benefit, he said, is getting applications from elderly people who have no income and are dependent on their relatives. The Mutual Benefit, he said, may be getting a larger number of these because it issues to age 70. In these because it issues to age 70. In such business, he declared, there is apt to be a heavy selection against the company. These applications are for small amounts, as a rule.

There are also more applications for insurance where there is no insurable interest than is true with the jumbo risks. Extremely careful selection of small cases is indicated, he declared. C. F. Cross of the Lincoln National said that there is an increasing amount of small business being offered on the

lives of people out of work and on women and widows between the ages of 50 and 60, the children paying the premiums.

The suicide death rate of the Lincoln The suicide death rate of the Lincoln National in 1931, according to Mr. Cross, was about three times standard, whereas to date in 1932 it is 4.2 times standard. This condition, he said, is general. There should be more careful selection of those cases where speculation is involved, he said. Mr. Cross told of one insured, who the Lincoln National anticipated would commit suicide and he did a few days after the period of the suicide clause expired.

The mistakes of boom times, he said.

The mistakes of boom times, he said, affect insurance to the greatest extent in bad times when it can least be afforded. In the next inflation period, he said, the companies should apply strict standards to make suicide less attractive. He observed that a five-year clause is being advocated by some and clause is being advocated by some and also a permanent clause, but Mr. Cross expressed the belief that the increased cost of litigation would offset whatever savings might be brought about by adoption of a longer clause.

Double Indemnity Influence

Mr. Cross expressed the belief that the double indemnity benefit has affected life insurance mortality on the theory that many suicides would not have taken their lives had they carried life insur-ance. He pointed out that large amounts ance. He pointed out that large amounts of accident and health insurance, including double indemnity, have been involved in many suicide claims which could not be proved to be suicides. He said that the double indemnity benefit has been profitable to the direct writing companies but not to the reinsurers. It is important, he declared, for the underwriter to know the total amount of insurance carried by the applicant, including double indemnity and accident and double indemnity and accident and

Henry W. Buttolph, secretary of the American Central Life, took issue with Mr. Cross' statement that a permanent of the increased cost of litigation. "Sui-cide," Mr. Buttolph declared, "can't be camouflaged to the extent of wiping out (CONTINUED ON PAGE 21)

Roosevelt Takes a Half Million Dollar Policy

ATLANTA, GA., Nov. 10.—
Alfred C. Newell, Atlanta general agent Columbian National Life, has written a \$500,000 policy on the life of Franklin D. Roosevelt, President-elect, with the Warm Springs Sanatorium of Warm Springs Sanatorium of Warm Springs, Ga., as beneficiary. Warm Springs has been endowed as a health resort for those suffering from infantile paralysis by Mr. Roosevelt, he having recovered from a similar affliction at Warm Springs. Mr. Newell and the Decident elect as a close friends. Springs. Mr. Newell and t President-elect are close friends.

Average Agent Is Coming to Power

Writer of Big Cases Finds That Business Is Hard to Place Today

GERALD EUBANK'S VIEWS

New York Manager Recites Virtues of the Producer of Moderate Sized Policies

SYRACUSE, N. Y., Nov. 10.-Gerald A. Eubank, general manager of the life department of Johnson & Higgins of New York, spoke before the Syracuse Life Underwriters Association, saying that almost every ambitious agent has looked forward to the time when he would become a producer of business running up into the millions and write policies for large amounts, \$250,000, \$500,000, and the like. The big producer, he declared, is finding it increasingly difficult to maintain his position. Home office underwriters are looking askance at all big risks. Every analysis is being made of the condition of the applicant for a big policy.

Mortality Has Increased

Mortality Has Increased

The average mortality experienced by 50 odd companies over the past eight years runs as follows: 1925, 49 percent; 1926, 52; 1927, 61; 1928, 54; 1929, 57; 1930, 58; 1931, 59. He said if this increase in death rate were experienced among all policyholders, it would be most unfortunate. It is the big cases, and particularly those who are in their 50's and late 40's that are causing the increase. He gave figures of one large company on suicide claims, its experience being 1925, \$20,000; 1026, \$202,000; ence being 1925, \$20,000; 1026, \$202,000; 1927, \$276,000; 1928, \$406,000; 1929, \$506,000; 1930, \$1,588,000; 1931, \$1,247,-

Companies Tightening Up

Mr. Eubank said that the companies cutting their limits of acceptance and are tightening on their selection on big cases. Dividends are being reduced. He predicted that either premium rates will be raised in the region of ages from 50 to 60, by perhaps as much as \$2, or the situation will be reached where the dividend at age 50 is actually less in Possibly both conditions may occur.

The change in conditions he said has led to a profound change in the attitude

of the companies toward their agency forces. Everywhere there is a plea for moderate sized policies, written under active solicitation, among men of mod-erate salaries or moderate earned in-

come by the average agent.

Mr. Eubank gave the characteristics of the ideal case today as follows:

In amount between \$5,000 and \$25,000. (CONTINUED ON PAGE 18)

Sales Outlook Is **Eyed by Actuaries**

Debate Whether Spurt or Lower Level Will Follow Stabilization

OPINIONS ARE DIVIDED

Some Believe Insurance Has So Won Public Favor That It Will Enter Much Higher Ground

One of the most spirited discussions at the annual meeting of the American Institute of Actuaries in Chicago was whether the sale of insurance is destined to be greatly accelerated when general conditions are stabilized or whether insurance sales and insurance in force will seek a lower level ir sympathy with a lower general price level.

V. R. Smith, general manager and actuary Confederation Life, said that life insurance is not a commodity and so it doesn't necessarily follow the price levels of commodities.

The amount of insurance placed, he said, is based on the amount of profit in the daily income of men and the amount that the people are willing to spend for it. . It depends on the way the sale is presented and the number of men that are trying to make the sale. Prices may are trying to make the sale. Prices may go down, Mr. Smith said, but as costs are reduced profits may be as satisfac-tory as in times when price levels were higher. In due course, he said, when the distressed conditions are over and stabilization is reached at whatever level, then insurance sales will reach higher

Effect of "Flu", War Risk on Sale

Percy H. Evans, vice-president and actuary Northwestern Mutual Life, pointed out that in the early 1920s the volume of new business leaped upwards. principally because of the influenza scare and the publicity concerning war risk

The way in which insurance has met the strain of the present depression, he predicted, will serve to stimulate sales, after confidence is returned, in much the same way as the influenza epidemic and war risk insurance stimulated sales. Mr. Evans expressed the belief that there will be an expansion in life insurance sales greater than ever before. Life insurance sales, he said, have nothing to do with prices or nothing to do di-rectly with profit. Faith in the future and confidence in the companies is what

. R. Smith took issue with the statement that life insurance sales have nothing to do directly with profits. He said that sales do depend on the excess of income over expenditures.

Spending More for Insu

While optimistic, M. A. Linton, president Provident Mutual, said it is difficult to see how the same amount would be spent for life insurance when the national income drops to \$60,000,000,000, tional income drops to \$60,000,000,000, as was spent when it was \$85,000,000,-000. After stabilization has 'een accomplished, he said, the percentage profit may be as great as in the past but the dollar income will not be as great. Mr. Linton, however, expressed the belief that insurance sales will move forward since the public, having come to a greater appreciation of the value and integrity of insurance, will devote a larger percentage of income to its purchase.

percentage of income to its purchase.

L. M. Cathles, president North American Reassurance, said people forget quickly. While security prices were (CONTINUED ON LAST PAGE)

To Direct Activities of New Life Insurance Week



H. M. Holderness, agency vice-president of the Connecticut Mutual Life, was elected chairman of Life Insurance Week at the annual meeting of the Association of Life Agency Officers in Chicago last week. Life insurance day of national thrift week last year was or hattonal thrift week last year was such an outstanding success that it was decided to devote a whole week to life insurance in 1933. The chairman of the 1932 life insurance day, A. G. Borden, second vice-president Equitable Life of New York, told of the widespread cooperation of companies and life underwriters associations in making the day a success. It is expected Life Insurance Week will be in March or April.

Law Hitting Industrial Carriers Is Knocked Out

WASHINGTON, D. C., Nov. 10.—A statute of the District of Columbia providing, in effect, that no evidence re-garding the health of an applicant shall be admissible unless a copy of the ap-plication is attached to the policy has been knocked out by the United States Supreme Court. The case was taken up by the Washington National of Chicago and the Metropolitan, Prudential, and John Hancock were on the brief as

friends of the court.

The statute was of particular importance to industrial companies because of the good health provision in the indus-trial policy itself rather than in the ap-plication. If the statute had been al-lowed to stand, some 450,000 industrial policyholders in the district would have enjoyed privileges not given in other jurisdictions

The Washington National had con-tested payment on the ground that the health of the insured had been bad for several years before issuance of the polricy. There was no written application.

The supreme court stated that the defense on the part of the Washington National would have been good even if

National would have been good even if there had been a written application.

The statute provided that each life company shall deliver with each policy a copy of the application, so that the whole contract may appear in the application and the policy, in default of which no defense shall be allowed on account of anything contained in or omitted from such application.

Million Ahead for 1932

The Missouri State Life reports an increase of \$1,000,000 in new business for the first nine months of 1932. Reports indicate that October will add considerably to the net gain.

Devlin Heads Officers and Daugherty Research Bureau

STAND AGAINST WHISPERING

John A. Stevenson Elected Vice-Chairman by Life Agency Officers at Joint Chicago Meeting

The Association of Life Agency Officers elected C. D. Devlin, general superintendent of agents of the Confederation Life, chairman, and John A. Stevenson, vice-president Penn Mutual Life, vicevice-president Penn Mutual Life, vice-chairman, at its annual meeting in Chi-cago last week. Henry E. North, third vice-president Metropolitan Life; H. J. Cummings, vice-president Minnesota Mutual Life, and W. H. Harrison, vice-president Atlantic Life, were elected executive committeemen for three-year

The Life Insurance Sales Research Bureau elected L. J. Daugherty, presi-dent Guaranty Life of Iowa, chairman of the board of directors, and H. W. of the board of directors, and H. W. Manning, assistant general manager Great West Life, vice-chairman. M. A. Linton, president Provident Mutual Life, will continue as chairman of the bureau's executive committee. H. M. Holderness, agency vice-president Connecticut Mutual Life, was elected chairman of Life Insurance Week.

Stand Against Whispering

A stand against "whispering" was taken by the agency officers in the adoption of a resolution introduced by L. J. Daugherty, president Guaranty Life. "Subjected to the severest test in history," the resolution read, "life insurance has exhibited to the world the tory," the resolution read, "life insur-ance has exhibited to the world the ance has exhibited to the world the ability to perform under the most ad-verse conditions. The great legal re-serve system has provided an impreg-nable stand against which the assaults of the depression have been unavailing. Should whispering campaigns be in-dulged in by even a small number of agents, or competitive advertising be used by a few companies reflecting directly or indirectly upon the practice of other companies, we would depart from the high plane upon which the business is established."

Get Immediate Production

In discussing building agencies, Vincent B. Coffin, superintendent of agencies Connecticut Mutual Life, told of his company's efforts to get immediate production. Last summer the Connecticut Mutual put on a ten weeks' drive to get 1,000 agents to submit the names to get 1,000 agents to submit the names of ten new prospects a week whom they would call upon. Retirement income and family income policies were featured. There were 83,790 letters sent out, 51,670 prospects called upon, 655 cases sold. Although the results were not as satisfactory as they might have been, said Mr. Coffin, production was stimulated and the company's business, which totaled \$10,000,000 in May, 00mpared with \$15,000,000 in May, 1931, was increased, due to the campaign, so that the August and September production passed the 1931 mark.

General Agents Plan Ahend

General Agents Plan Ahead

The Connecticut Mutual gets estimates on 1933 production from its general agents in order to get them to plan for the future. Effort is being made to secure agents on full-time contracts. In the 21 months since January, 1931, 1,203 full-timers were secured, compared with 573 in the preceding 12 months. During the second and third quarters of 1932, 39 percent of the total business was written by first and second year men. In answer to a question on advances, Mr. Coffin stated there were only 5 percent of new men being ad-

vanced commissions.

Norval Hawkins, sales consultant, advised putting life into life insurance by extensive cooperative advertising paign. "Money spent for the right campaign. (CONTINUED ON LAST PAGE)

Many Favor a \$25 Surrender Charge

Several Speakers at Actuarial Meeting Cite That Figure

DISCUSSION INTERESTING

Topic Treated From Many Angles a Meeting of American Institute in Chicago

The discussion of surrender values at the meeting of the American Institute of Actuaries was probably the most important and vital feature of the session, From the discussion, it appears that a \$25 surrender charge is being widely advocated.

John R. Larus, actuary of the Phoenix Mutual, pointed out that a surrender charge is assessed during the first 10 years, because of the high expenses of the first year, which continue to be higher than normal for the next nine years, although at a reducing rate. During those nine years, he pointed out the policy must earn something toward building up its full reserve. After the 10 years the policy is relieved from strain and is in a different position. There is no contribution to surplus from a policy in its first ten years. After that a policy in its first ten years. After that time, however, its asset share will rise beyond the reserve.

Dividends and Surrenders

In the first ten years, Mr. Larus said, surrender charges should be higher than they are now. "The transient guest," they are now. "The transient guest," he said, "should be compelled to share in the entertainment expense to a greater extent." After ten years, he said, the extent." After ten years, he said, the company should take into consideration, in its dividend scale, that the policy is relieved of strain. In other words, there should be higher dividends after the 10th year and higher surrender charges before that time.

Twisting or shifting of policies is draining the life blood of the companies, he said. Executives should not be complacent in this situation, he said. The plight of the companies will be distressing if the continue to permit old policy-holders, who sustain the companies, to be shifted. If the companies could get more in the earlier years and give more in the later years, they would be in a position to come through another major crisis unscathed, he said. If these position to come through another major crisis unscathed, he said. If these changes were instituted, according to Mr. Larus, twisting would be made more difficult. With high surrender charges in the earlier years, it could not be shown to be of advantage to the policyholder to twist or to shift and likewise with greater dividends in the later years a plausible argument could not be presented to make a change.

Nelson Bagley's Comments

W. Nelson Bagley, assistant actuary of the Travelers, said that palliatives rather than cures have been suggested in treating the related problems of ders, commissions and cash values. Bagley expressed belief that the method of compensating agents and the availability of excessive surrender and loan values are the basic troubles. Payment of first year commissions which are eight to ten times as much as for renewals is an invitation to replacement in good times as well as bad, according to Mr. Bagley. By making a revision in commissions, Mr. Bagley said, the character of agents would be improved, because an investment would be required to start in (CONTINUED ON PAGE 20)

a \$25 Charge

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Pension Plans Put on Sounder Basis

November 11, 1932

Executive Assistant Howell of Equitable of New York Speaks

TEN TRENDS ARE SEEN

Some of the More Modern Movements Noticed in Arranging for Retirement Incomes

Although the evolution of industrial pensions has been apparently somewhat haphazard, nevertheless ten distinct trends can be traced, according to an analysis made by G. Powell Hamilton, executive assistant in the group department of the Equitable Life of New York, in addressing a meeting of industrial personnel executives in Bayonne, N. J.

Some of these trends are of a number of years' duration, others are of much more recent origin. As traced by Mr. Hamilton they are the following:

Based on Actual Calculations

The trend toward the changing of I. The trend toward the changing of old plans to a sound actuarial basis and removing them from the realm of chance. Until comparatively recently, most American pension plans had not only inadequate reserves—they had no reserves at all. Many still remain in this condition. Even when it became apparent that mounting pension costs threatened to wreck the future of the plans and even the financial fabric of the companies granting them, few companies made any attempt toward setting panies made any attempt toward setting up reserves when they discovered the enormous sums which would be neces-

ary to put their plans on a sound basis.

The era of pension education which followed the advent of the insurance companies into this field, however, has made great strides in the solving of this difficult problem in industry. In the last three or four years some 200 plans have changed to a sound basis, and practically no plan has been established in the last three years with a total lack of safety

Educational Work Done

The trend toward the establish-II. The trend toward the establishment of new plans on a sound actuarial basis. As a result of educational work in the last few years, America has become pension-conscious and since the debacle of 1929 employer and employe have become convinced that the most secure method of preparing for old age is by the use of the annuity. The enormous volume purchased and the consequent publicity has also made America mous volume purchased and the con-sequent publicity has also made America annuity-conscious. As annuities are the basis of a pension plan, industry has sud-denly awakened to the necessity of set-ting up plans where none had before existed and of starting them on a right basis.

III. The trend toward a contributory plan. Most of the early plans either made promises of such large retirement allowances as to be beyond their budget or else made such inadequate allowances as to make it difficult to retire the work-ers until long after their period of use-fulness had passed. It became neces-ary, therefore, in order to provide a retiring allowance which would encourretiring allowance which would encourage retirement rather than retard it, to have the employe share the cost. The notable thing is the cordial reception of this cooperative type of plan by the workers. Rarely is the participation less than 90 percent of those eligible.

IV. The trend toward a plan underwitten by the participation with the participation with the participation.

written by an insurance company. While (CONTINUED ON PAGE 20)

Strong Plea for Cooperative Advertising Made by Hawkins

A strong plea for a cooperative life insurance advertising campaign was made by Norval A. Hawkins, sales consultant, at the joint meeting of the Association of Life Agency Officers and the Life Insurance Sales Research Bureau in Chicago last week. Life insurance, he said, has never been properly put before the public in a plain, understandable way, either through its representatives or by advertising. He declared that 85 percent of the possible insurance buyers believe that "you gotta die to win."

"What do you think," Mr. Hawkins asked, "would be the result as to the increase in the sale of life insurance, if the right kind of humanized advertising and educational selling campaign was to be carried on for a few years? A man would be ashamed to admit to his neigh.

be carried on for a few years? A man would be ashamed to admit to his neighbor or his children that he did not carry enough life insurance to properly pro-tect himself and his family. Life insur-ance is not a luxury—it is a necessity and should be treated as such.

Figures Only Confusing

"Some of the real conditions surrounding insurance should in my opinion, be put before the people in a way that will make them see it and understand it. What does a mass of figures mean to the average person? Very few men know what a million dollars looks like; few of us have any real conception of the man-power of the assets of a big insurance company.

insurance company.
"Take some of the advertised statements of insurance companies—the perments of insurance companies—the percentage of gains, comparative results secured by this company or that, certified balance sheets, etc., etc. To tell the truth, they are not thoroughly understood by 50 percent of those who are actively engaged in the work of selling insurance. And they are scarcely read by anyone, except possibly by the banker who has some business dealings with the company publishing them.

"The human side of insurance is what we should keep before every man, woman and child. Money spent for the right kind of educational advertising

woman and child. Morey spent for fire right kind of educational advertising campaign would benefit all insurance companies. Such a campaign would do three things: Increase the sales of insurance, cut the cost of obtaining it, and

diminish the lapses.
"Unified advertising efforts by all your companies in a big, forceful, nationwide campaign would be swift,

a life insurance story than ever before— more willing to listen and to read. To-day, almost without exception, people express themselves as 'sold on life insur-ance,' but where are the salesmen?

ance, but where are the salesmen?
"So—put this where you won't forget
it—you know and I know and every
man knows that he wants some form of
life insurance, and with 16 billions of life
insurance lapsed in 1931 alone, the
opportunity now for replacement is
extraordinary. Will you take advantage
of it?

"When the spendable incomes return there will be more insurance purchased than ever before. This is inevitable, be-cause of the rate of acceleration of the public's appreciation of insurance.

Future Volume Inevitable

"It is sometimes hard for the salesman with the rate book to realize that this growing appreciation exists, because today it is not expressing itself to him in dollars and cents. Soon it will. A tremendous increase in insurance volume is just as inevitable as the fluctuation of business conditions.

"Who then will sell this insurance? The agent who shows up then for the first time? The fellow who never bothered even to remember these 'return-of-prosperity' buyers during the period that they were unable to buy? Or the salesman who 'cultivated his garden' and held his business friendships, even though there were no sales forthcoming at the there were no sales forthcoming at the time? My opinion is the latter—and it is up to you managers to manage—your salesmen to be managed and the training time is now, in preparation for the multitudes of buyers who in 1933, 1934, 1935 will be waiting for your call."

Day Found Only Technically Guilty by Federal Court

Darby A. Day, former Chicago manager of the Mutual Life of New York and later manager of the Union Central Life, who promoted the Chicago Fidelity & Casualty, was fined \$2,500 by Federal Judge Reeves in Jefferson City, Mo., on a charge of conspiracy to use eral Judge Reeves in Jefterson City, Mo., on a charge of conspiracy to use the mails to defraud in connection with promotion of the Chicago Fidelity & Casualty, Continental Indemnity and other enterprises which went into the hands of a receiver. The judge found Mr. Day only "technically guilty," and stated that testimony showed Mr. Day was not acquainted with manipulations of securities of doubtful value; that he made an investigation of J. B. Mc-Cutchan, an associate, and the securities, using ordinary precautions in all steps. The court found a "vast gulf" between the two decendants in the matter of culpability, stating Mr. Day's major offense appeared to be too superficial an inquiry regarding McCutchan and the mortgages. Mr. Day's long record of life insurance service was stressed; also the high standard of his character witnesses. Judge Reeves said Mr. Day's testimony had the "ring of

Depression Will Have Effect on Mortality and Health

Both the life and the sickness insurance companies may expect increased mortality and sickness due to certain diseases, as a consequence of the de-pression, according to the "Journal of the American Medical Association." In a recent editorial the "Journal" pointed out that in this period people are neglecting to have regular dental care and examination and that as a result focal infections, arthritis, rheumatic confocal infections, arthritis, rheumatic con-ditions and heart disease may be ex-pected to increase in the future. The "Journal" also states that the postpone-ment of operations will probably lead to increased mortality in the future from appendicitis, gall bladder disease, cancer and hernia.

sincerity." He was technically but unknowingly responsible. It was necessary to find Mr. Day guilty in order to convict McCutchan, the cases being

A \$2,500 fine against Mr. Day was assessed, \$1,000 being paid immediately. Mr. Day is now in Chicago getting in touch with his many friends of long standing.

Actuarial Touch Is Needed Today

All-Around Life Insurance Men Are Called For, Linton Says

AGENCY RATING TREATED

Discussion at Institute Meeting Centers About How to Value Business of Agencies

Actuarial influence may profitably be extended into agency affairs, those participating in the discussion on that question at the meeting of the American Institute of Actuaries in Chicago, agreed.

M. A. Linton, president of the Provident Mutual, said there is a growing spirit of cooperation between actuaries and agency men. The need for the actuarial touch, he said, is indicated in nearly every direction in life insurance opera-

every direction and the provident tions.

Mr. Linton told how, in the Provident Mutual, estimate is made for the next ten years of the profits on the business of the various general agencies. This is done by taking into account old and new business, average size of policies, predicated on the "A" and "B" rates of termination.

Little Difference to Agent

Mr. Linton said there is little differ-Mr. Linton said there is little difference in the compensation of the soliciting agent when two sets of lapse rates are assumed. But a big difference is involved for the general agent. The value of the agencies' business each year is shown in the figures.

The Provident Mutual keeps the first year lapse rates of

The Provident Mutual keeps the first year lapse rates of agents writing \$10,000 or more per month, as well as the lapse rate of agencies. The lapse rate of agencies and agents, he said, is featured at the conventions and recognition is given for excellence. Through the figures, individual records may be analyzed and improvement may be intelligently directed.

Mr. Linton said that more emphasis is being placed on cost accounting throughout the entire company. He pointed out that the Life Insurance Sales Research Bureau has made much progress in research into budgetary control and agency cost accounting.

trol and agency cost accounting.

Mr. Linton said that there must be a clear and separate analysis of first year and renewal expenses in an agency.

There is no advantage in lumping the

Change in Commissions

Change in Commissions

The lapse rate, according to Mr. Linton, makes little difference to the soliciting agent in the long run and the question of possible revision of the agent's contract needs the attention of the actuary. He expressed opposition, however, to the proposal to reward agents on the basis of net increase, much as is done in the industrial field. That proposal was advanced by L. S. Morrison of the bureau staff at the meeting in Chicago of the research bureau and the Life Agency Officers.

The objective in readjusting the contract, according to Mr. Linton, should be to reward the good agent so that he will get more and to penalize the bad agent so he will get less. This is a difficult problem, Mr. Linton pointed out, since the new agent must be given an opportunity to make a living.

Cooperation of the agency and actuarial branches, Mr. Linton said, will improve the value of both and develop more all-around life insurance men. He

Old Colony Life Will Go to One of Three Companies

FINAL DECISION IS NEAR

Proposals of Life & Casualty, State Life of Illinois and Illinois Bankers Are Revised

Circuit Judge Brothers of Cook county has entered an order to the effect that whichever of three proposals for rein-surance of the Old Colony Life of Chicago is approved by the receivers will be approved by the court. The choice lies among the State Life of Illinois, Life & Casualty of Chicago, and Illinois Bankers Life of Monmouth, Ill.

There were five proposals originally. After these were submitted, the judge indicated that they did not meet certain requirements and revisions were called for. The three companies which underfor. The three companies which under-took to meet the new requirements were the Life & Casualty, State Life and Illinois Bankers.

At the same time Judge Brothers stated he would approve whichever contract the receivers decided upon, he also entered an order providing for the liquidation of the Old Colony. Theretofore, such order had been opposed by the former officers of the Old Colony and the receivers up until then were neither liquidators nor conductors of the business. Also the court entered an order ness. Also the court entered an order recognizing Receivers A. S. Keys and J. A. O. Preus as ancillary receivers for the Florida land held by the Old Colony, they having been appointed by the United States district court for the southern district of Florida. This land consists of 7,700 acres in Hardee and Polk counties, Florida, in the neighborhood of Tampa and certain city lots in Tampa. Tampa. Objections Are Cited

Attorney E. M. Treusch, who represents the former officers of the Old Colony, cited certain objections to the revised contracts. Judge Brothers took cognizance of some of these points and said that in the final order the court's understanding of the moot questions would be recorded, so that any transactions that are carried out under the contract will be under the interpretation of the court. Mr. Treusch made the blanket statement that under none of the b'anket statement that under none of the three revised contracts would policyholders get the utmost protection. Judge Brothers later stated, after declaring that he is vitally interested in the policyholders, that a plan, which appeared too attractive, would be open to suspicion, since the reinsuring company might jeo-pardize its own stability.

All of the contracts provide for a 100

All of the contracts provide for a 100 percent lien and 3½ percent interest on the lien. The face amount of the policy minus the lien would be paid upon death. Attorney William McKinley, who was counsel for the Old Colony, expressed objection to all of the proposals and especially to the 100 percent lien.

Life & Casualty Bid

Mr. Treusch said that the Life & Cas-ualty proposal provided that the Old Colony must be dissolved. Judge Broth-ers said that he would not permit such a provision, since such a decision must rest with the court. The Life & Casualty is offering a maximum of \$40,000 for the business while the State Life is

offering \$75,000.

E. J. Hennessy, counsel for Mr. Keys, said that every hour of postponement of reinsurance means a loss of policyholders. The receivers are satisfied that no more proposals can be obtained, he

said.

Judge Brothers made a statement, at the conclusion of the hearing, that he had been approached by many people, all of whom said they had a solution of the Old Colony problem, but their solutions were based on the veiled assumption that the assets were extremely valuable. The judge said that in his ex-

Comes Back



A. C. TUCKER

A. C. Tucker, former president and active for many years in the manage-ment of the Royal Union Life, now chairman of its board, and retired from active management of the company for several years, returned to his office Nov. 5, assuming active leadership. His re-turn will cause no immediate changes in the policy other than those necessary to meet the present economic conditions. New plans will be formulated by the

personnel under his leadership in the developing of new agencies in the territory in which the company now operates. Mr. Tucker says no new states will be opened up until the present conwill be opened up until the present conditions have improved, but greater effortwill be put forth in the production of new business in the states where the company is now licensed.

Mr. Tucker states further that he and his associates will have important announcements to make in connection with future policy in 1933 on or before Dec. 1.

perience in administering estates, he has perience in administering estates, he has found that appraised valuations are often very flattering and that whatever is re-ceived for certain of the Old Colony assets may be regarded as "velvet."

In calling for revision of proposals, Judge Brothers declared that he would Judge Brothers declared that he would not sanction any contract that provided for a lien interest in excess of 3½ percent. He said that the paid up policyholders must be taken care of and the contract must provide for subrogation as to the outstanding assets for the benefit of policyholders. He declared that there should be safeguards against twisting and that disability claimants must be satisfactorily treated. He also held that the contracts should give lapsed policyholders the opportunity of being reinstated without medical examination where they had not paid their premiums after the receivers had been appointed. The first duty, Judge Brothers stated,

The first duty, Judge Brothers stated, is to provide protection for the policy-holders while with reasonable leisure the assets are administered so as to prothe assets are administered so as to produce enough to wipe out the major portion if not all of the lien. The day may be reached, he said, when the Old Colony's name may have value and dissolution of the Old Colony cannot be included as a part of any reinsurance agreement. agreement.

American Life Convention Date

The 1933 annual meeting of the American Life Convention will be held at the Edgewater Beach Hotel, Chicago, the week of Oct. 9. As has been the custom for many years, the Legal Section will meet the first two days of the week the business session of the main week, the business session of the main body of the convention getting under way the morning of Oct. 11.

New England Mutual Chief Opposes Rewriting Practice

SEVEN REASONS ARE GIVEN

President Smith Urges Representatives to Fight for Maintenance Even of Loaned Policies

President G. W. Smith of the New England Mutual states in an announce-England Mutual states in an announcement to representatives regarding the maintenance of the present dividend scale in 1933 that "our considered judgment is that every effort should be made to encourage policyholders to maintain their present insurance protection in full force regardless of loans." He states that any replacement plan would undermine the business of the agent and company, and would cause "ultimate disappointment" on the part of the policyholder.

icyholder.

Seven fundamental reasons for the company's attitude are set forth. Mr. company's attitude are set form. Mr. Smith says that some policyholders are carrying too much insurance, but they should be advised against cancellation and to avail themselves of guaranteed non-forfeiture provisions in their excess insurance. The seven objections to replacements are: insurance. The placements are:

Seven Reasons Advanced

"1. The purpose of replacement is to cancel policy loans and to terminate interest payments. But the increase in premoum for the same net amount of insurance at the advanced age almost al-ways equals the annual outlay under the old policy plus the interest on the loan. Moreover, the difference between the premium on the present face amount of insurance and the premium for the same face amount at attained age can be advantageously applied to reduce the loan and to reinstate the full reserve equity.

"2. It is difficult for an agent or policyholder to make a true comparison

of the merits and equities of old and new insurance. Such a comparison must give proper credit to premiums, interest, dividends, increase in values of both old and new policies, as well as

contract provisions.

Income Tax Advantage

"3. There is often a decided advantage in the old policy for income tax purposes, because all interest paid on loans can be deducted from the net income of the insured, thus reducing that portion of the income which is subject to the highest tax rate. This is important in the case of large incomes, and especially so when high surfax rates and especially so when high surtax rates are involved.

"4. The policyholder may be unable to pass the medical tests at the present

time. Again, the old policy may have disability features which cannot be incorporated in a new policy, or there may be a present airplane hazard, which would necessitate an airplane rider on

would necessitate an airplane rider on the new policy.

"5. In making repayments on exist-ing loans, the policyholder is investing at 6 percent compound interest with immediate earnings and no possibility of loss.

Represents Valuable Asset

"6. Restoration of old policies re-establishes a definite asset and furnishes establishes a definite asset and furnishes a credit which may be immensely valuable in some future emergency. Replacing an old policy with a new one because of policy loans is like allowing the mortgage on an expensive but adequate home to be foreclosed, while there is still substantial contingent value remaining. If a new but smaller policy, or a less expensive home is purchased, it may not as satisfactorily cover the needs of the owner.

"7. The liability against a man's estate because of a policy loan is no

"7. The liability against a man's estate because of a policy loan is no greater than would be the liability if the same amount had been borrowed from any other financial institution. The rea-

Correct Procedure Should Be Followed with Trusts

POSSIBILITY OF LITIGATION

Guy B. Horton of the Legal Depart. ment of National Life of Vermont Gives Advice

Guy B. Horton of the legal department of the National Life of Vermont spoke before the Boston Life Insurance Trust Council, composed of life men and trust officers.

"All too often," he said, "insurance in

purchased and put in force before the trust has been created or the terms of the trust agreed upon. The sequence always should be the other way. The scheme of the trust must be worked to the trust must be worked. out, and the instrument drafted before the insurance is applied for, or existing policies put in appropriate form. On the other hand, the insurance must be arranged before the trust instrument is executed. In no other way can the policies be fitted into the plan, and if not so fitted by the use of every car, failure is probable.

Correct Procedure Important

"The importance of correct procedure and sequence is especially great in cre-ating insurance trusts for partnership or corporate liquidation. Three steps and documents are necessary to create

and documents are necessary to create them: (1) agreement between partners or co-stockholders; (2) trust instrument; (3) insurance policy.

"They must be prepared in the order named. The trust company must fit is part into the scheme arranged by partners or stockholders; the policy must be fitted into the trust. The interrelation must be worked out so exactly that the machine created by those three miss the machine created by those three units shall function efficiently without frie-

shall function efficiently without friction."

Mr. Horton came to the conclusion that more general use should be made of the authority and experience of the man in charge of life insurance trusts in the home office of the insurance company. "To his desk," he said, "come many times daily not only problems but forms from every section. He would be blind indeed if he had failed to acquire an extensive, if not an intensive education.

education.

"It must be remembered that in these trusts are unusual possibilities and even probabilities of litigation. The problem and danger is not confined to the insurance company and perhaps it has least to risk. It usually can protect itself by paying money into court and letting the claimants fight it out. The real thing in danger is that house of protection which has been built with so much care and sacrifice.

"The disposition of insurance proceeds through a trust is not so simple "It must be remembered that in these

"The disposition of insurance proceeds through a trust is not so simple as commonly supposed. It is indeed fortunate that to this problem should be devoted the combined resources of two such great institutions—trusts and insurance companies—each unrivalled in its own field, now partners in a newfound service."

son the loan on a policy is the easiest loan to secure is that the insured is borrowing from his own money, and cannot be compelled to repay such a loan or even to pay interest upon it is he is willing to lessen the amount of his estate. In reality he is usually borrowing from his wife and children. On responsibility as trustees is to curb this borrowing from dependents.

New Kentucky Commissioner

G. B. Senff of Mt. Sterling, Ky., has been appointed insurance commissioner of Kentucky to succeed Bush W. Allin, who resigned several months ago. C. I. Brown, chief deputy, has been acting commissioner since Mr. Allin resigned.

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Hull and Kenagy Address Chicago Managers' Group

COMPANY OFFICIALS PRESENT

National Association's Managing Director and Research Bureau Official Bring Messages to Field Men

R. B. Hull, managing director National Association of Life Underwriters, and H. G. Kenagy of the Life Insurance Sales Research Bureau addressed the managers' division of the Chicago Association of Life Underwriters. Mr. Hull said the National association is anxious to fit into the picture of scientific study of the business as exemplified in work of the business as exemplified in work of the research bureau and the joint meeting with the Life Agency Officers Association, and a plan is now on foot. A start was made at the national convention, he said. He feels the National association can be of service by furnishing facts and information to men on the

migrates an information to the officing line.

Mr. Hull discussed the burden of taxation, saying that shortly before leaving for New York he chatted for an hour with Rear Admiral Richard E. Byrd, who is chairman of the National Economy League, and new figures which Mr. Byrd has developed indicate that \$1 out of every \$3 of national income goes for cost of government, rather than \$1 out of \$5, as heretofore supposed.

Company Officials Attend

Company Officials Attend

A number of officials were present, including G. H. Chace, assistant secretary Prudential; J. J. Moriarty, vice-president Missouri State; Wallace Boileau, Jr., superintendent of agents Penn Mutual; H. H. Armstrong, vice-president Travelers, and L. W. S. Chapman of the research bureau.

Mr. Kenagy said most of the efforts to improve life insurance agents should have been started years ago. He said it is highly significant that agency officials are getting together today to seek methods that will get results. They are discovering that the old methods are not so potent. He finds it is time for those responsible for results to exercise a better type of leadership, to place less emphasis on group leadership and plans of selling, and to place more on individual treatment, analyzing agents' problems and devising individual methods of meeting them.

He said individualized motivation is

ods of meeting them.

He said individualized motivation is one of the most pressing needs of the day. He believes the next job that must be solved in agency management is that of motivation. Life insurance has not yet determined certainly how to tap the wellsprings and actuate a man to get

Cites Knute Rockne's Methods

Mr. Kenagy spoke of the practical psychology demonstrated by the late Knute Rockne in his handling of the Notre Dame football team. Rockne knew how to get results. He avoided high school stars and instead took lesser lights when he taught the foundalesser lights whom he taught the funda-mentals of the game. The individual was welded into the whole; he was but a cog. Mr. Kenagy said one of Rockne's major points was that every play was a potential touchdown; it would score if it were executed per-fectly.

would score if it were
feetly.

Mr. Kenagy said this observation can
be applied directly to life insurance, for
every canvass is a potential application.
Agents must get the proper viewpoint
and spirit in this respect, and a study
of motivation by the executives appears
to be the key. The home offices are
alive to the problem, Mr. Kenagy said,
and it will be solved.

In a contest staged by the Homer Jamsson Oklahoma City general agency of the Equitable Life of New York 444 applications were written. The "country gentlemen" were pitted against the "city slickers."



Real Wind Blows

N his autobiography, the late Walter H. Page, war-time Ambassador to England, observed: "Artificial structures fall when a real wind blows."

In the past few years there has been blowing a real wind that has tested all man-made structures. Among those that have shown impregnable strength the institution of life insurance has been conspicu-

Life insurance has not only held its own but has lent its strength in all directions as well. It has been able to provide ready money to hundreds of thousands of policyholders who were in need. It has supplied an element of strength to the nation's financial structure.

Life insurance has done all these things in addition to its primary function of protecting the family. It has paid death claims as usual. When endowments and annuities have become due, the funds have been paid with clocklike precision according to con-tracts made ten, twenty, thirty, and forty or more years ago.

Life insurance endures. It has been tested by many real storms. Why not use its strength as the backbone of your per-sonal fortune? A John Hancock policy taken out now will prove a real bulwark against the future, whatever it may

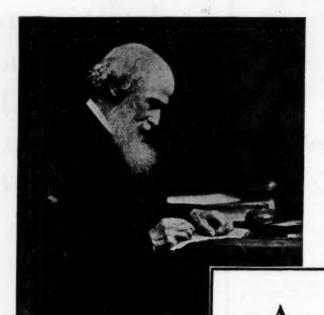
The Hancock

A mutual, dividend-paying company, 70 years in business. Among the strongest in reserves and assets. Paid policybolders in 1931 over 87 million dollars. Offers every phase of personal and family protection, including also Annuities and the Group forms for firms and corporations.

IN this advertisement the John Hancock tells the life insurance story in publications of national circulation.

"In all times of stress A strong anchor of safety"

The greatest book on Life



ELIZUR WRIGHT

Included in this volume you will read:

History of the Mortality and Experience Tables. The General and Mathematical History of the Legal Reserve—What It Is and What It Is Not. How Life Insurance Is Figured by Experts:

Premiums, valuations, rates, equities, claims, loadings, expenses, accumulations, the doctrine of chances, probabilities, policy forms, directions for using forms and tables, commutation tables, actuarial studies, analyses, explanation of terms and factors, etc. etc.

ELIZUR
WRIGHT'S
Priceless Reports
and Studies
now being
reproduced complete

Agents, Agents, Students, Actuaries and Employees—can have and own for themselves a complete, verbatim, photographic reproduction of the original, classic, educational reports of "The Great Commissioner," "The Father of Life Insurance"—Elizur Wright of Massachusetts—including all the original charts, tables, analyses, formulas, rules, studies, opinions, definitions, calculations, etc. of the great author of the Legal Reserve.

(Old original copies of Wright's work are unpurchasable. Ohio has just one copy—under lock and key. Most states none at all.)

"THE BIBLE OF LIFE INSURANCE"

In this one volume you have a complete review of the origin, history, explanation and analysis of the great factors and features of life insurance—the mathematics of life insurance made understandable—actual calculations by the world's greatest actuary and teacher, not theory or mere examples, but based on actual, authentic cases, by the great old man who gave his life to make life insurance safe for widows and orphans.

ber 11, 1932

ife Insurance ever published

ALSO IN THIS VOLUME — A COMPLETE OUTLINE HISTORY OF LIFE INSURANCE from the earliest times illustrated.

- Preceding the reprint of the original reports and studies of Elizur Wright, the reader will find what is probably the only complete high-light history of life insurance for student use and general reference ever assembled. This history is by William Clendenin, whose researches for the American Conservation Company have attracted wide attention. Here are brief sketches of the earliest primitive forms of life insurance in the ancient world: "Ulpianus and His Tables" under the Caesars; other old historicals; passing of the ancient period; rise of the guilds—friendly and frugality societies; the first underwriting.
- First scientific studies: Sir Isaac Newton, Leibnitz, Pascal and his roulette wheels, the origin of mass statistics, doctrine of chances and the so-called 'wagering contracts,' Halley, De Witt, De Moivre, Hoyle, Milne, Sir William Petty, John Rickman, Finlaison, "Old John Graunt," George Barrett, Laplace, Acland, Gompertz, Dr. Farr, and so on
- down to Dr. Richard Price, the origin of the level premium, the English reform, rise of the Rothschilds, beginning of the great American expansion period under Elizur Wright and finally, the Life Insurance world as we have it today—together with a brief but vivid Life of Elizur Wright, including plates, portraits, documents, letters, reproductions of rare originals, old prints, historic contracts, etc.—in short the Drama, Romance, History and Science of Life Insurance and the only exact, complete reprint of the entire, great work of Elizur Wright in one concise volume, well printed and well bound—"the book of books for the life insurance man"—and a priceless gift, prize or text book for life agents everywhere.
- A limited edition—well printed, substantially bound a book every life insurance man will want in bis library at \$5.00 a copy—returnable within 10 days and money refunded if not entirely satisfactory. Date of publication, December, 1932.

The American Conservation Company is not in the publishing business, does not expect to make a profit on this work, but being, as it is, a service institution, feels that it is rendering a distinct service in making this priceless treasure available to the life insurance profession at minimum cost.

THE AMERICAN CONSERVATION COMPANY

LIFE INSURANCE SERVICE • 307 NORTH MICHIGAN AVENUE, CHICAGO

Herbert G. Shimp, President

The American Conservation Company, Dept.NU 1,307 North Michigan Avenue, Chicago

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Walter Chrysler's Action Theme of Agency Meeting

CONSTRUCTIVE OPTIMISM

Drew Agency of Mutual Benefit in Chicago Holds All-Day Session With Officers

The statement of Walter P. Chrysler, motor manufacturer, made nationally in newspapers a week ago in announcing his "gambling" of \$9,000,000 in produc-ing a new car in the midst of the depression, was taken as the theme of the all day meeting of the A. A. Drew gen-eral agency of the Mutual Benefit at Chicago, which was attended by three Chicago, which was attended by three officers from the home office who were present at the joint meeting of the Life Agency Officers Association and Life Insurance Sales Research Bureau.

Mr. Chrysler's statement was to the effect that the opportunity of a lifetime existed today for the men who had courage to take advantage of it. It was emailed to the sales advantage of it.

age to take advantage of it. It was emphasized by A. S. Ingersoll, associate general agent of the Drew agency, who

opened the meeting. Mr. Ingersoll said some people feel that this is a critical time and even worse than the depression of 1873. Yet there is no doubt in his mind the country is on the upgrade and there is particularly an upturn of senti-

ment.

This thought was seconded by J. J. Geddes, vice-president Continental-Illinois Bank of Chicago, who spoke on "What We Have Gone Through and What We See Ahead." He said there never was a better opportunity in life insurance than today, because of the policy long situation with the need of second insurance than today, because of the policy loan situation, with the need of replacement of much insurance, because many policyholders have found it necessary to add to their insurance lines to cover loans and other obligations, and because depreciation of estates has cre-ated an insurance need. He suggested that some method of financing might and should be arranged to make it possible for men whose insurance is in jeopardy, particularly if they are uninsurable and have heavy policy loans, to carry their insurance through the emergency rather than to be forced to lapse. He said this might be worked out by a transfer or assignment of part of the transfer or assignment of the policies to cover a loan.

Mr. Geddes did not draw a consis-

said while 75 percent of production said while 75 percent of production has been maintained, largely through the instalment payment plan by industry and commerce, which he considers mortgaging the future for some time, there is a possibility complete recovery and a high tide of prosperity may not return for five or ten years.

Vice-President a Spe

Vice-President J. S. Thompson, mathematician of the Mutual Benefit, gave some interesting views on the financial situation. He said this country is undoubtedly at the end of a long swing of interest and only a guess can be made as to where the rate will go.

The company's experience on corporation bonds has been most satisfactory, he said. Railroads will continue, therefore their bonds will be good. The company had excellent results on railway bonds, the interest on all except one block being paid. Much bus traffic has been sold below cost. Much of the traffic carried by airplanes has no direct effect on railways. Municipals were not so good, there being some trouble in cities in collecting taxes. The company had good luck with public utility bonds. Mr. Thompson said the company's policy loans now are about \$128,000,000, or 28 percent of the assets, as compared fore their bonds will be good. The com-

with 22 percent at the beginning of the year, but there was noticed a considerable diminution in policy loans in the last three months. Farm mortgages generally have been satisfactory.

Thurman Closes Meeting

Oliver Thurman, vice-president and superintendent of agencies, summed up the addresses. He said agents today must know themselves and make ad-justments for the sober future which they face. He said they must see their they face. He said they must see their job clearly, see their company in the proper light and see the future. He spoke of a letter recently written to J. M. Holcombe, Jr., manager Life Insurance Sales Research Bureau, by Vicepresident E. E. Rhodes of the Mutual Benefit at Mr. Holcombe's request, outlining the ideals of the Mutual Benefit High points were that the company did not aspire to be the largest in the business nor to do too many other things not aspire to be the largest in the business nor to do too many other things besides life insurance, its main object being to give the public the best possible life insurance contract, so constituted that it represents the highest ideals of mutuality in a corporation.

Maintains Independent Stand

Mr. Thurman said a number of companies have announced higher surrender values based on a formula of a \$16 surrender charge decreasing \$2 a year. He said the Mutual Benefit did not join in this solution of the problem, as it desired to work out the question according to its own experience and not by an arbitrary formula. The company's idea is that a policyholder is entitled to leave the company without penalty so long as he leaves it as he found it. Mr. Thurman said the company has studied the problem a long time.

Paul W. Cook, No. 1 among the Drew agents for production in the year, was toastmaster at the dinner. Bruce Parsons, No. 2, was chairman of the morning session, and Sam Hertz, No. 3, was afternoon chairman. Mr. Thurman said a number of com-

afternoon chairman.

L. C. Roth, leading producer of the Buffalo, N. Y., agency and a "millionaire," was a speaker at the morning session; and G. F. Ream, field service manager of the home office, gave a combined practical and inspirational talk on a definite work program.

Hann Explains Policy as to Conservation of Insurance

J. Roberts Hann, president of the Otis Hann Company of Chicago, is getting out a letter to companies, explaining his position on the question of making cash collections upon reinstatement, rewriting or redating heavily loaned policies.

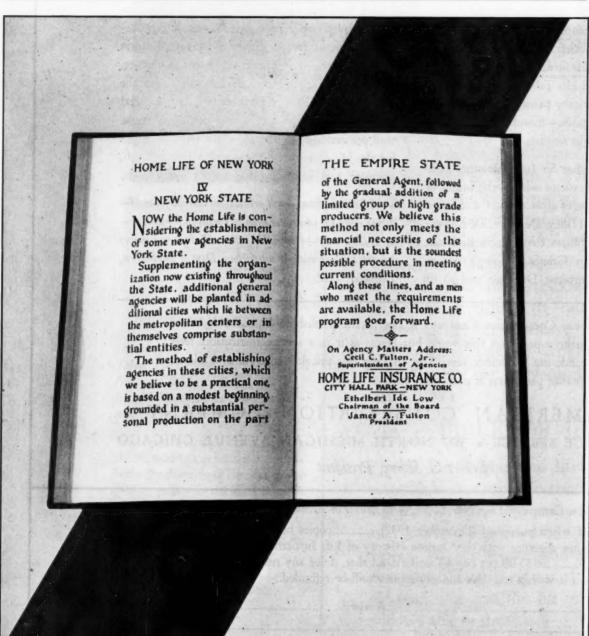
Mr. Hann states that his organization makes such cash collections whenever possible and that this year thousands of dollars have been collected. However, he states, there is no ironbound rule requiring a cash collection in each case. He says it is reasonable to assume that most policyholders would not lapse if they had the money. A rule requiring cash collection would eliminate many people who appreciate help in view of their present financial troubles. If some leniency is shown, they will express their appreciation next year at premium time, he said.

If these policyholders are not given some assistance now, according to Mr. Mr. Hann states that his organiza-

some assistance now, according to Mr. Hann, they will easily be persuaded to reinsure elsewhere when they have suf-

"These remarks," Mr. Hann states, "do not indicate that we permit rebating or trading merchandise, but that reserves may often be readjusted to the insured's benefit. Our renewal experiences covering several decades with over 70 companies is substantial evidence of the truth of these statements."

M. Albert Linton, president Provident Mutual Life, attended a meeting of the A. A. Heald general agency in Milwau-kee last week.



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Actuaries in Chicago Meet Cover Many Topics of Day

FRANKLIN B. MEAD PRESIDES

American Institute Decides to Meet Twice in Chicago Next Year, Once With Actuarial Society

Discussion at the fall meeting of the American Institute of Actuaries in Chicago touched a wide field, the most vital that centering about the related problems of surrender charges, dividends and rewriting.

and rewriting.

M. A. Linton, president of the Provident Mutual, summarized what seemed to be the objective of most of those parto be the objective of most of those par-ticipating in the discussion of these problems, when he said: "The actuarial features of our policies should be so ar-ranged that it can never be shown to be advantageous to a policyholder to surrender and have his insurance re-written for the net amount at the at-tained age."

One of the previous speakers had said that his company permitted rewriting in legitimate cases. "We should make it 100 percent illegitimate to surrender and rewrite," Mr. Linton declared.

F. B. Mead in Charge

The sessions were in charge of Franklin B. Mead, executive vice-president of
the Lincoln National, who is president
of the Institute. At his side was E. G.
Fassel, assistant actuary of the Northwestern Mutual, who is secretary of the
Institute. That the discussion was important and lively is due in no small
part to the character of the program,
which was arranged by Wendell P. Coler,
actuary of the American Central Life,
who was chairman of the program committee. Other members of the committee were J. A. Budinger, associate actuary Kansas City Life, and E. O. Dunlap, assistant actuary Metropolitan Life.
The Institute will hold two meetings
in Chicago next year, both at the Edgewater Beach hotel. The annual meeting
will be held June 1-2 and Oct. 18-20
there will be a joint meeting with the
Actuarial Society of America. The selection of the date was facilitated by the
fact that John S. Thompson of the Mutual Benefit, who is president of the Actuarial Society, was in Chicago for the
Institute meeting and the gathering of
the Life Agency Officers.

Industrial Problems Up The sessions were in charge of Frank-

Industrial Problems Up

There was considerable discussion of industrial insurance this year and many of the members were surprised to learn of the problems industrial companies are encountering and the steps being taken to meet them. From periodical reports of new business, men in the ordinary field have believed that the industrial companies were sailing along with surprising ease but the discussion at the Institute meeting was somewhat disillusioning.

Presidential Message

In his opening message, Mr. Mead ob-In his opening message, Mr. Mead observed that the depression has been a testing time for previous policies and practices. Because of its diversity of revenue, from mortality salvages, etc., and the cushion of renewing business, insurance companies have been able to withstand the strain exceptionally well, he pointed out, which is gratifying but troublesome problems have arisen. He said the impracticability of income disability and the usefulness of waiver of said the impracticability of income disability and the usefulness of waiver of premium came to be realized. Disability insurance, particularly in group policies, developed into unemployment insurance. Another realization has been that second grade bonds, because of default, do not give as good a return as first grade bonds.

Mr. Saunders is not a citizen of the United States.

New Sioux Falls Mutuals

The Professional Casualty and the American Benefit, both of Sioux Falls, S. D., have been incorporated by J. E. Holmes and G. E. Bricker of Des Moines and F. E. Miars of Sioux Falls. The former is a mutual, to write life, health and accident, and the latter an assessment organization, to furnish life and health benefits.

entific management, cooperating in agency and investment affairs. There is now a place for the actuary in investment research, Mr. Mead stated. The next step will be to permit the actuaries to make the investment. A well rounded investment department should have an economist, investment research man and actuary he said

actuary, he said.

Companies may lose sight of the necessity for proper appointment and training of examiners because of the fact that information about big risks is be-

training of examiners because of the fact that information about big risks is being exchanged through the bureau of information, Mr. Mead declared. Too much reliance may be placed upon that exchange of information, he said, and the companies thus be burying their heads in the sand. The proper relationship between the examiner and the medical director has not yet been attained, he declared.

Through the Association of Life Insurance Medical Directors, the Medical Section the American Life Convention, American Institute of Actuaries, Actuarial Society of America, and other organizations interested in underwriting, the problems with which the business is faced have been pretty well enunciated, according to Mr. Mead, but the remedies have not been applied because of executive or agency pressure and interference.

Future Is Promising

Putare Is Promising

Mr. Mead scouted the theory that a decreasing amount of insurance in force and amount of new business written may be anticipated. Such a tendency, he believes is temporary. With a moderate recovery in general business conditions there should be a distinct reversal in trends, so far as insurance is concerned. The great body of the people has been underinsured, he stated, and since the stability of insurance is so widely recognized, he expressed the belief that, so soon as the canacity to buy and confidence is restored, new insurance will be extensively written. Furthermore, he believes that much lapsed insurance will be replaced.

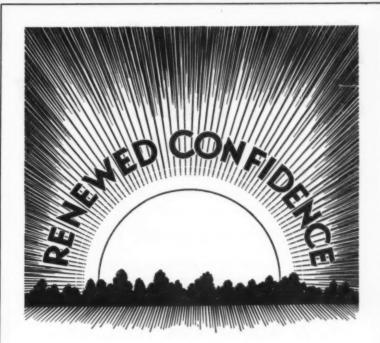
The problem of overinsurance has been confined, according to Mr. Mead, to a few in the moderately well-to-do class and in the very wealthy, but this is a small proportion. The general mortality and the mortality of industrial companies is down, he pointed out.

All of the subjects up for informal discussion were treated except that on reinsurance.

reinsurance.

General Agent Saunders Resigns After Charges Made

COLUMBUS, O., Nov. 10.—Roy E. Saunders, general agent in Ohio of the United Mutual Life, Indianapolis, has resigned. The Saunders agency was represented in Columbus, O., by J. E. Zangmaster, who will continue to represent the company. Saunders' license was suspended Oct. 6 by the Ohio insurance department. A statement issued at the time stated that the department "has come to the conclusion that the insurable interests of the public are not properly served under your license." A hearing was held a few days ago by the department and the case was taken under advisement. Charges against Mr. Saunders were pushed by Better Business Bureaus, which criticized his advertisements for first mortgage loans. It was alleged that it was necessary for the applicant to take out life insurance before any effort was made to obtain a loan for him. It also was charged that before any effort was made to obtain a loan for him. It also was charged that Mr. Saunders is not a citizen of the



We Are Thankful

... that there is a renewed confidence in America and American ideals.

. . that throughout the stress and storm of the past few years this Company has kept steadily to its course and made performances exceed promises.

. . . that the Midland Mutual Life Insurance Company holds a strong financial position in the life insurance field.

. . . that policy holders and representatives of this Company are always steadfast friends who realize that conservative management is very much worth while.

. . . that dividend schedules have been maintained.

. . . that the future holds even brighter prospects than the past.

The Midland Mutual Life Insurance Company

Columbus, Ohio

Strongly entrenched

in the UNITED STATES

From its first entry in 1906, The Great-West Life has been given a cordial reception by the people of the United States.

In the State of North Dakota, where agency operations were originally launched, there are sixty-eight Great-West Life agents covering the entire state, and the Company now stands fourth among all companies operating in the State, in business-in-force.

In Illinois, in Minnesota, in Michigan and in Washington, the remaining States of the Union in which the Company operates, the history of success in North Dakota is being repeated.

With assets of over \$135,000,000, and business-in-force over \$600,000,000. The Great-West Life offers opportunities to agents for service in a strong company, high in favor for its financial stability and favorable results to policyholders.

THE GREAT-WEST LIFE

ASSURANCE COMPANY
HEAD OFFICE—WINNIPEG

Industrial Carriers Faced with Many Problems Today

ACTUARIES HEAR CONDITIONS

Concessions Are Being Granted for the Benefit of Policyholders and

Agents

Those attending the meeting of the American Institute of Actuaries in Chicago got an insight into some of the problems of industrial insurance. Apparently the sailing has not been as smooth in that direction as periodical production reports would indicate.

The companies have been making concessions so that insurance on the families may be rearranged and perpetuated to the best advantage under the circumstances. The industrial companies have had one great factor in their favor and that is the low mortality. One speaker said this is a tribute to the economic structure and to the conditions surrounding the working man.

structure and to the conditions surrounding the working man.

In view of present conditions, some of the industrial companies are letting cash values before the end of the tenth year be used to pay for other policies in the family. The trouble with this concession is that neighbors who are not in distress, hear of it and demand that they be given the same treatment. Some agents, with this concession available, have the values thus released applied to buy more insurance than originally existed and there is danger that the greater amount will soon lapse.

Cost Not Much Higher

If cash surrender values were generally available before 10 years under industrial policies, the speakers agreed that there would be a tremendous amount of surrendering for cash. One speaker declared that the cost of industrial insurance over a 20 year period is only about 10 percent greater than ordinary. This speaker asked whether ordinary insurance could be purchased cheaper if the business were centralized in two or three companies. His conclusion is that it would not, because the expense of collection is not as great, and the same economies would not result in the ordinary field from centralized operation. A representative of the John Hancock

A representative of the John Hancock Mutual said that lapse rates are heavy when cash values begin, which is the fifth year under the Massachusetts law. The second year ratio of lapse to issue for the John Hancock has been 5.4 percent; third year, 3.1 percent; fourth year, 1.7 percent; fifth year, 1.2 percent; sixth year, 5.6 percent; seventh year, 3.3 percent; eighth year, 3.1 percent and ninth year, 2.9 percent.

Concessions Granted

Among the concessions being granted is that lapsed policies on which premiums are eight weeks in arrears may be surrendered and the values used to pay the premium on some other policies in the family. Any new insurance that written in the family must be validated by the manager where values are this used. But surrender values can't be used to load a family with new insurance. Thousands of changes in the industrial field have been made from endowment to life plan. Although this may provide only a breathing spell for many policyholders, most of the speakers expressed the belief that many policyholders this changed are in a position to pay the reduced premium. At least it is the responsibility of the company to give families that opportunity to maintain their protection.

Disproportionate Distribution

In the past, some of the speakers said, there has been a disproportionate distribution of insurance between father, mother and children. This is true, to some extent, because the industrial agent calls at the home when the wage earner is away. The companies have attempted to correct this situation by refusing to issue a policy on women or children where the premium is larger than that on the life of the father. Although in 1930 the legal limits were advanced to \$1,000 for children age 10, all of the larger companies impose an arbitrary limit of 50 cents on the lives of children to prevent writing endowments on them for \$1,000.

Effect on Commissions

Under the industrial agent's contract, commission payment is based on net increase of business above the debit. Lapsed business stands against the agent's account. Because of the large amount of lapsed business, the enthusiasm of many agents has been dampened. They see a salary shortage a long time ahead. Some companies have made concessions. The Metropolitan is trying a new contract, the commission being based on the business issued contingent on the lapse rate in the debit.

Head Research Bureau Board



L. J. DOUGHERTY



H. W. MANNING Vice-chairman

L. J. Dougherty, president Guaranty Life of Iowa, and H. W. Manning, assistant general manager Great West Life, were elected chairman and vice-chairman of the Life Insurance Sales Research Bureau at its annual meeting in Chicago last week.

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Companies Very Solicitous as to Replacement Practice

RUSINESS MUCH DISTURBED

Many Agents Are Engaged in Attempting to Readjust Policies Where There Are Loans

By all odds the most engrossing and perplexing subject confronting officials of life companies, especially those of medium or small size, centers about replacement of policies where a loan has been made. The larger companies are not escaping this practice by any means although those of less size probably feel that a few of the smaller companies have collapsed because of poor investments. that a few of the smaller companies have collapsed because of poor investments and mismanagement is being used against all those of lesser dimension. Then again where a company is found to have an overload of a certain kind of investment, batteries are turned on it.

Agents Got Taste of Blood

It is interesting to observe the numerous angles in this practice. Agents probably got a taste of blood in attempting to readjust some of their own policyholders. Now it is found that the line of least resistance toward new business is where a policy loan is involved, whether it be in an agent's own company or some other. Business is difficult to get. It takes harder work and more hours to produce the same results. Agents therefore are tempted whenever any likely prospect appears on the horizon.

Will Dull the Selling Edge

Some officials declare that if their agents continue in this replacement work, the soliciting force will become demoralized because it will lose the faculty of creative selling. Many agents seem to regard a loan on a policy as an invitation to readjust the insurance. A policyholder may secure a loan from a bank or an invitation to readjust the insurance. bank or an individual and no attempt would then be made to readjust his insurance. Whenever, however, he borrows from his insurance company there is an immediate rush made to rewrite him. In some cases it has been ascerained that agents would suggest securing a loan on a policy and then in the course of a few weeks would approach the policyholder with the suggestion that new insurance be written.

There are many agents that are very intelligent and conscientious in their effort to give the right kind of advice.

that there are cases where there should be a readjustment. They declare, how-ever, that this work should be done by ever, that this work should be done by the company carrying the insurance unless the assured himself is dissatisfied with the company. A few companies have sent out rigid orders to agents prohibiting any sort of readjusting without direct orders from the manager, general agent or home office, in the hope that the creative instinct in selling may be conserved. Some executives say that if this practice continues as it is now for some months to come, some companies will find it necessary to rebuild practically their agency force in order to get men who can sell insurance in the old-fashioned way.

Missouri Court Orders That Premiums Now Be Returned

The Missouri court of appeals in Hablutzel vs. Home Life of New York takes up disability clause where the policyholder sustained an injury to his spine. He was ignorant of his right to be relieved from payment of the premiums and continued to pay. His injury took place in April, 1920, and in August, 1930, he made a demand on the company for the premiums paid since his disability began. The company refused to return the money. Its contention was that there was no evidence to show that the policyholder before attaining age 60 furnished proof of his disability. ability.

ability.

The court holds that the policy provision, giving it a literal construction, seems to require the proof to be furnished before the insured attains 60 years. It is difficult to believe, said the court, that it was intended that time should be regarded as the essence of the contract. The vital condition is that the disability occur before he attains that age. The plaintiff contended that his wife and daughter informed the agent of the company that he was totally and permanently disabled in 1922. It was the duty of the agent, the court said, to receive information of disability and take the preliminary steps for the allowance of disability claims. The court holds that the plaintiff is entitled to recover the premiums paid after he became disabled and to have a waiver of the payment of premiums paid henceforth during the continuance of his disability. The court holds that the policy pro-

Management Association Meeting

There are many agents that are very intelligent and conscientious in their effort to give the right kind of advice. Company officials frankly acknowledge

The 1933 annual meeting of the Life Office Management Association will be held at the Edgewater Beach hotel in Chicago, Oct. 2-4.

Pure Protection Life's Position Is Presented in the Controversy

E. S. Byers of the law firm of Friebolin & Byers of Cleveland, counsel for the Pure Protection Life, feels that the manner in which the four agents of the association were treated by the Ohio department is misunderstood. Mr. Byers desires that the Pure Protection Life side of the issue be properly presented. He objects to some of the statements made by The National Underwriter. Mr. Byers says: Mr. Byers says:

"It is true that four agents of this association were placed on trial before the insurance commissioner of Ohio charged with making incomplete comparisons and with being, in the opinion of the Ohio Association of Life Underwriters unfit persons to be life agents. It writers unfit persons to be life agents. It is also true that the commissioner, in an opinion which does not, in any particu-lar, refer to any item of the evidence which in his opinion warranted his judgment, finds these men guilty of 'twist-ing,' whatever that may be, and 'that the insurable interests of the public' (whatever that may be) 'are not properly

served by licensing or continuing to license the agents named."
"The insurance commissioner, upon

"The insurance commissioner, upon the demand of the men and upon the demand of the association, definitely and in writing refused to require the complainants to make any specific charge of any kind against any of these men. They were put on trial without having any specific charge of any kind made against them and without being apprised of the nature of the offenses which this organization of competing agents claimed they had committed.

they had committed.

"The real reason for the complaints, in our opinion, was that these men had rendered an invaluable service to a great many persons who had bought insurance represented to them as an 'investance represented to them as an invest-ment'. (which, in any proper sense of the term, life insurance never is), in ex-plaining to such persons exactly what the nature of their 'investment' was, so enabling them to protect their families by insurance which they could afford to

(CONTINUED ON PAGE 19)

"A Source of Comfort Through the Years"

The Record of a Small Policy

THE following letter from a Wisconsin clergyman illustrates strikingly how even a small life policy kept in force may be the chief or sole means to security and peace in the later years of life:

"My mind goes back across the years, to an afternoon in North Dakota, when a representative of the New York Life came to my home and urged me to take out some Life Insurance. I believed in insurance but was too poor to make a start. I was so short of money that the agent had to lend me the money for my first premium. My only regret is that I did not let him make it three thousand instead of one, as he wanted to do.

"It has been a source of comfort through the years, to have even so small an amount in a safe place. Now we are no longer young, and have decided to buy a little home. This means that we need the small savings the New York Life has been keeping for us these many years . . ."

This is a \$1,000 20 Payment Life policy issued at age 35. Total premiums paid—\$766.80. Present cash value, including dividend deposits, amounts to \$1,146.21. Through all these years the beneficiary has been protected for \$1,000.

A life or endowment policy (but not term insurance) is an Insured Savings Plan with guaranteed values for retirement.



NEW YORK LIFE INSURANCE COMPANY

51 MADISON AVENUE NEW YORK, N. Y.

W. L. MOODY, JR.

SHEARN MOODY

W. J. SHAW Secretary

AMERICAN NATIONAL INSURANCE COMPANY

GALVESTON, TEXAS

INSURANCE IN FORCE \$542,054,101.00 **ASSETS** 47,681,787.00 **SURPLUS** 7,278,118.00

ORDINARY

INDUSTRIAL

Operating in 26 States, Cuba, Hawaii, and Porto Rico

A Well Diversified Line of Modern Policy Contracts, including Juvenile Policies, Retirement Income Policies, Salary Savings, and all Types of Annuities, enable our Representatives to render the Insuring Public the Best in Life Insurance

Men of Character and Integrity, desiring a connection with the Ordinary Department, providing Liberal First Year and Renewal Commissions are invited to address inquiries to

Earnest L. Roberts, Vice-President,

AMERICAN NATIONAL INSURANCE CO.

Galveston, Texas

It's Settled

Now we can all go back to our daily work of serving the public and earning a living. For four years no more interruption by a presidential election, with partisan passions generated in the fury of the contest, and the quality of daily work necessarily damaged. At this writing we don't know which candidate won the election, but the people of the United States, one hundred and twenty millions of them, are still here,—a myriad of life insurance prospects,—who need the various types of service which we life underwriters alone can give them.

Moreover, inducing them to invest their money in life insurance is a constructive and salvatory contribution of priceless worth to the welfare of the nation.

Almost two months before the year will have ended, in which to actualize our quotas and enable us to point at least with satisfaction, though perhaps without Luciferian pride, to the results of our work in 1932.

THE PENN MUTUAL LIFE INSURANCE COMPANY

WM. A. LAW, President

Independence Square

PHILADELPHIA

Knights Life of Pittsburgh Awards Service Medals

The Knights Life of Pittsburgh recognizes meritorious service where people have been connected with it for some time. Recently President Joseph H. Reiman, who is one of the founders of the company, presented a medal to Assistant Superintendent Stephen Hoegle of Pittsburgh, who was the first agent to enter its employ over 15 years ago. Assistant W. J. Boberg received his 15 years green gold service emblem. Agent Harry McCullough was also rewarded for faithful service as was Agent George Wenzel, who was presented with a 10 year yellow gold service emblem. Miss Marie Gilfoyle, cashier of Pittsburgh district No. 1, also received a five-year service emblem. The presentation took place in Pittsburgh No. 1 district in the Jenkins Arcade at Pittsburgh. The Knights Life of Pittsburgh rec-

burgh No. 1 district in the Jenkins Arcade at Pittsburgh.

Other employes who have been rewarded during the 15th anniversary were R. H. Ruffner, superintendent at Altoona, Pa., who was presented with his 15 year insignia at a dinner tendered to him; John T. Fox, superintendent Pittsburgh No. 2 in the Regent building, East Liberty, Pittsburgh, who has been with the company 10 years; building, East Liberty, Pittsburgh, who has been with the company 10 years; Miss Rosalie Schaff, home office clerk. Service emblems were given to T. J. Connell, Scranton, Pa.; Assistant Jacob Richards, Greensburg, Pa.; Agent Anthony McGuire, Pittsburgh No. 1; Agent Stephen Markos, Pittsburgh No. 3; Ida Nuesslein, Theresa Garneth and Florence Killmeure clerks at the home 3; Ida Nuessiem, Theresa at the home

The Knights Life occupies commodious quarters in its own building at Ridge and Galveston avenues in Pitts-

Harpell's Move Forestalled

Efforts to get a certain document con-cerning the Sun Life of Canada into the proceedings of the Canadian parlia-ment were forestalled last week on the ment were to restalled last week on the ground that the document was a subject of court action in the criminal libel action of President Macaulay of the Sun Life against J. J. Harpell, publisher of the Toronto "Journal of Commerce" and that it would be an abuse of privilege to allow the document to be placed on the records of parliament. Premier on the records of parliament. Premie Bennett said that after Mr. Macaulay suit was started the defendant had tried to have the document read into the court record at the preliminary hearing. Being refused, he appeared in Ottawa and tried to have it placed in part on the records of parliament. It was said to call for a complete investigation of the Sun Life's financial operations.

Test Hail Tax Refunds

The Old Line Life of Milwaukee has decided to appeal to the North Dakota supreme court a case testing the constitutionality of a 1931 act which provides for refunds on hail indemnity tax spayments. The case involves nearly \$500,000 in refunds. The company is seeking refund of payments of hail taxes on property on which it held mortgages and foreclosed. Counsel for the insurance department claims that the plaintiff suffered no losses through the plaintiff suffered no losses through the hail taxes, since these sums were in-cluded in its bids in the foreclosure actions; that the plaintiff paid the hail taxes voluntarily and "not under compulsion" and that there are no funds from which to make the refunds.

Issues Reprints of Addresses

Headquarters of the American Life Convention in St. Louis has mailed out pamphlet reprints of the addresses de-livered at the Toronto meeting including those presented before the main body of the convention and also the Legal, Financial, Agency and Home Office Sections.

Increases Shown in New Life Insurance Business

General Agent A. P. Shugg of the Aetna Life at St. Louis reports that the premiums for the first 10 months show a considerable increase over the corresponding period of last year. In his agency a number of full time men have increased their production over last year. increased their production over last year.

The Truman H. Cummings state agency for the Northwestern National Life in Michigan has shown a substantial gain each month since June in paid-for business. In October the agency showed a gain of 64½ percent over June and July, 56 percent over August and 39 percent over September. Applica-tions in October were 69 percent ahead of September and 67 percent ahead of an average for the three preceding months. This record was achieved in the face of a decrease in the agency force, a number of small producers having been eliminated.

The Chester O. Fischer St. Louis general agency of the Massachusetts Mu-tual Life celebrated its first month in its tual Life celebrated its first month in its new quarters in the Mississippi Valley Trust building by writing \$1,066,000 of new business last month, making a ten months total of over \$7,880,000, an increase of \$700,000. Since Mr. Fischer has been general agent production has increased from \$4,241,000 in 1922 to \$5,000. 186,000 in 1931, a gain of 117 percent.

The Leon W. LaBounta general agency of the Penn Mutual Life in Minneapolis paid for \$1,028,439 in new business in October, having 183 applications for an average of \$5,620 each. Written business exceeded \$1,700,000. October was the largest month each. \\300,000. 300,000. October was the largest month in the history of the agency. It is a percent ahead for the first ten months of 1932 and expects to finish the year with over 10 percent increase.

Canadian Advertisers Elect Hoegg

TORONTO, Nov. 10 .- At a meeting TORONTO, Nov. 10.—At a meeting of the Life Advertisers Association of Canada here last week, the following officers were elected: President, D. W. Hoegg, National Life; vice-president, M. S. Crockford, Excelsior Life; secretary-treasurer, F. G. Ivory, Canada Life; directors, John Nelson, Sun Life of Canada; F. F. Macnab, Dominion Life. J. G. Parker, actuary Imperial Life, reviewed the achievements of life insurance through prosperity and deinsurance through prosperity and de-

Institute Sponsors Lectures

Institute Sponsors Lectures

OMAHA, Nov. 10.—The Insurance
Institute of Omaha and Lincoln, of
which W. R. Jones, Northwestern Life,
is president, is sponsoring a series of
lectures in regard to home office management. Meetings are held Friday
evenings, the first being given Oct. 28,
with 104 attending. W. H. Harrison,
Bankers Reserve, and W. R. Jones,
Northwestern Life, spoke.

The next meeting of the institute will
be held in Lincoln, Neb., Nov. 14. C.
Petrus Peterson, general counsel Bankers Life of Nebraska, will talk on "General Policy Provisions." M. A. Hyde,
secretary Security Mutual, will discuss
methods of policy riders, endorsements
and changes.

and changes

Actuarial Club to Meet

P. T. Carter, district group supervisor of the Travelers, will present the topic of group life insurance for discussion at the meeting of the Chicago Actuarial club in Medinah Temple, Nov. 15. This will be a dinner meeting. There also will be open discussion of a review of recent meetings of the Actuarial Society of Ameria and the American Institute of Actuaries.

New Business

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pervisor ne topic ssion at ctuarial 5. This re also Society nstitute

November 11, 1932

Commission Shift Weighed by Field

(CONTINUED FROM PAGE 1)

is earned when the business is sold in the first place. No agent should feel that a company is paying him nine re-newals just because of the initial sale. We general agents, too, must consider that our overriding commission is

equally a service commission.

"On the basis of any plan proposed thus far, I should have to vote 'no' if the matter were being put to a vote at the present time. I am unalterably opthe present time. I am unanterably op-posed to disturbing commission arrange-ments in these times. I try to keep my mind open to any suggestions and would be willing to discuss the matter would be whing to discuss the matter with those who might make an investi-gation of the subject. Certainly, in my opinion, nothing should be done except by the closest kind of cooperation be-tween companies and a group of gen-eral agents and managers."

C. D. Connell's Views

C. D. Connell's Views
C. D. Connell, general agent Provident Mutual Life, said he believed such a change would have a disastrous effect on the morale of agents, making the innocent suffer with the guilty and probably more than the guilty. He said the question of premature lapses would take care of itself if surrender charges in general reflected more accurately the cost of putting the business on the books.

books.
Gerald A. Eubank, general manager life department of John & Higgins, said he thought such a readjustment would be for the good of the business provided the total commission were not reduced and the deduction from the first year were spread over the succeeding three years at the most.

Lloyd Patterson of the Keana-Pat-

three years at the most.

Lloyd Patterson of the Keane-Patterson agency of the Massachusetts Mutual Life said he favors the proposal. He expressed the belief it would have a beneficial effect in causing agents to produce more business because of the reduced first commission, and promote greater efficiency in training and supervising men. vising men.

Views of C. E. De Long

C. E. De Long, general agent Mutual Benefit Life, said he believed the spreading of the first year commission to be a logical idea and one that should stimulate persistence. He pointed out, however, that it would entail a revolutionary change in the method of compensating new agents or else life insurance sales methods would become just about the same as those of fire insurance. Some way must be found of assuring new men of an income while they are new in the business. The difficulty with a salary plan for new agents would be that the abler ones would want to switch to a commission basis, while the less competent would cling to the salary, making for a selection against the company.

A number of general agents and managers who were consulted said they wished to study the merits of the plan more thoroughly before making any

Rules on Deposit Agreements

MADISON, WIS., Nov. 10.—At the request of Commissioner H. J. Mortensen, the Wisconsin attorney-general has given an opinion on three forms of deposit agreements used by life insurance companies, holding that money which is accepted on deposit as a regular business by an insurance company constitution.

Average Agent Is Coming to Power

(CONTINUED FROM PAGE 1)

2. Existing insurance under \$50,000, accumulated over a period of years.

3. Applicant on a salary, or earning a satisfactory and reasonable steady (non-fluctuating) income.

4. No excessive debts or past losses.

5. Insurance intended for direct protection of family, who are actually dependent on applicants' earnings.

6. Insurance written by direct and active solicitation, not suggested by the applicant either directly or indirectly.

7. No indefinite history of illness or injury in the past, and, of course, first class present physical condition.

Characteristic of Ideal Agent

Characteristic of Ideal Agent

Then he gives the characteristics of the ideal agent as follows:

1. He doesn't write more than a normal proportion of the ones and twos because his circle of contacts thinks, insurance-wise, in terms of fives and tens.

2. He sees a lot of people, and tells them a simple and fundamental story hinging on what the wife and family will do if the breadwinner goes first; he doesn't talk "big business' as a rule. A substantial part of his business comes from his neighbors and friends.

Does Not Over Awe Prospect

Does Not Over Awe Prospect

3. He uses sales material and prospecting methods intelligently, but he doesn't attempt to overawe a prospective client by elaborate publicity, and "stage presence." He hasn't a staff of assistants to complete his cases for him, and he doesn't attempt to make the doctor a "pal" and a "partner" in his solicitation.

tor a "pal" and a "partner" in his solici-tation.

4. He allows himself to be known as an insurance salesman, and not an "Es-tate Specialist," "An Inheritance Tax Expert," or a "Business Protection Counsellor."

In Touch With Policyholders

5. His cases repeat, he keeps in touch with his policyholders, both as a matter of business and because he knows and likes them.

and likes them.

6. He does not keep a medical encyclopedia in his office, and his acquaintance list among the medical fraternity is an open book.

7. He manages to write enough business each year to live on, without borrowing on his renewals, even though he hasn't had a new car since 1939, and this business is well distributed as to number of cases, the greater proportion of which are under forty.

Factors That Actually Count

Factors That Actually Count

Less and less in Mr. Eubank's opinion is the success of an agency to be judged by its paid for business and its high average policy. Paid for production will, of course, continue to count, but other factors are coming into the picture. For instance, a favorable agency mortality rate; high proportion of \$5,000 to \$25,000 policies compared with total business; better than average persistency rates both for the business and agency staff. He said an agency force to meet these objects must consist largely of steady and consistent produces; therefore, he thinks that Mr. Average Agent is coming into his own.

Union Central Meetings

sen, the Wisconsin attorney-general has given an opinion on three forms of deposit agreements used by life insurance companies, holding that money which is accepted on deposit as a regular business by an insurance company constitutes violation of state banking laws, but that if accepted as constituting merely an advance payment of premiums and in fact used as such, there is no violation of laws.

President O. J. Arnold of the Northwestern National Life was the guest of Truman H. Cummings, state agent for Michigan, at an agency luncheon in Detroit last week.

Union Central Meetings

Home office representatives of the Union Central Life visited agencies in Iowa and Missouri last week. Richard Rust, secretary; H. D. Koeppe, actuary, and J. W. Rivers, supervisor, made up the party. Thirty agents from northwestern Iowa and southwestern Minnesota met with them at Sioux City, Ia. A two-day meeting was held in Des Moines, in charge of Fred G. Appelquist, Iowa manager. A meeting was held at Kansas City, Mo., at the Judd C. Benson general agency Monday. Mr. Rust reported a decreased demand for policy loans which started four months ago.

ASK THIS OF THE LAPSER!

When a man tells you he is going to lapse his life policy, put this question to him:

> "Do you know what might result?"

> Then tell him how lapses have meant lost homes, divided families, uneducated children and privation.

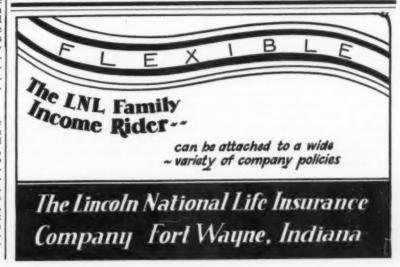
He won't care to risk that!



The Prudential Insurance Company of America

EDWARD D. DUFFIELD, President

Newark, New Jersey Home Office



THE NATIONAL UNDERWRITER

Published every Friday by THE NATIONAL UNDERWRITER COMPANY, Chicage, Cincinnati and New York. EDWARD J. WOHLGEMUTH, President; JOHN F. WOHLGEMUTH, Secretary; HOWARD J. BURRIDGE, Vice-President and General Manager; W. A. SCANLON, GEORGE C. ROEDING and O. E. SCHWARTZ, Associate Managers

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ot. DETROIT OFFICE 1015 Transportation Bldg., Tel. Randolph 3994 A. J. EDWARDS, Resident Manager SOUTHEASTERN OFFICE—ATLANTA, GA. 204 Atlanta National Bank Building W. J. BATH, Resident Manager

DES MOINES-R. J. CHAPMAN, Resident Manager, 627 Insurance Exchange

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Member Audit Bureau of Circulations

Need for Fairness and Justice

For instance, THE NATIONAL UNDERWRITER indicate that companies that have borrowed money from the RECONSTRUCTION FINANCE CORPORATION are having this is left that these companies are weak in that they have had to borrow money. It seems to us unfortunate that the law was so amended as to make publicity imperative as to borrowers. Congress undoubtedly had in mind the danger of abuse of the loan privilege or the use of partisanship in granting loans and felt that this could be corrected as so many evils are by publicity. However, the situation is so delicately poised these days that misapprehension is very likely to exist where RECONSTRUCTION FINANCE CORPORATION.

times during the year their current income view of the much heavier demand on account of surrenders and policy loans. This may have happened at a time when companies had extraordinary obligations in the way of taxes, license fees, etc. A company sell them but would sustain a material loss feels that these securities will increase in value and hence considers it is the part exigencies of the times. There would of wisdom to secure a loan rather than to throw the securities on the market and company had applied to the RECONSTRUC-

AGENTS in competition need to have an from the RECONSTRUCTION FINANCE CORattitude of fairness and justice these days. FORATION are by no means the only ones that have felt it desirable to make loans. has received a number of letters which Others have been able to secure satisfactory accommodations from banks without much difficulty.

Companies are adopting different methfact used against them. The impression ods of meeting the extraordinary demands on them. Recently in an address an executive of one of the large eastern companies stated that his company had had to sell securities amounting to \$10,000,000 in order to meet extra demands. These securities were falling due within the next three years and the management felt that it would be more desirable to sell these securities rather than to secure a loan. There was no reflection on this company because it had found it desirable to sell these securities. There is no reflection on any concern receives a loan from the another company because it goes to a bank and secures a loan. There should be no Some companies have found that at reflection on one that secures a loan from the RECONSTRUCTION FINANCE CORPORAwas not sufficient to meet all the outgo in TION. They are all in the same boat. They all have found that their current income was not sufficient to meet a very unusual demand.

Fortunately during the last two or three way of taxes, license fees, etc. A company months the applications for loans have may have desirable securities and could fallen off. There is no legitimate aspersion that can be cast against any company in so doing. The management evidently that has to secure a loan or sell securities to meet the demands that were due to the undoubtedly be cause for question if a get what can be realized from the sale. TION FINANCE CORPORATION and could not The companies that have secured loans get a loan.

Enthusiasm Kills Stagnation

ment, when the world seems to be go- iasm kills stagnation and burns up deate the spirit of encouragement and in the boiler.

PEOPLE that are abounding with engood cheer. They keep us going. They thusiasm even in days of discourage- fill us with hope and courage. Enthusing to the bad in every particular, radi- spair. It is the fire which puts steam

PERSONAL SIDE OF BUSINESS

John J. King, president of the Hoo-per-Holmes Bureau of New York, will celebrate his 65th birthday Nov. 15. He is one of the veterans in his line. His first work in this direction was at Denver. In 1908 he became an inspector for the Mutual Life of New York and in 1912 he joined the Hooper-Holmes Bureau as vice-president. He became president and general manager in March 1930. Mr. King is largely responsible for the growth of the organization. He is regarded in insurance as one of the great authorities in inspection work.

At the luncheon tendered by the American National of Galveston to the insurance commissioners and their riends, when the state officials were risiting that city, Vice-President Shearn Moody of the company was the official host. The luncheon was splendid in every detail. There was much food left over. Vice-President Moody instructed his associates to get in touch with the Salvation Army and other relief agencies and ask them to send in people on their list to partake of the food when the visitors had departed. This was the visitors had departed. This was done and many wayfarers thus got a square meal.

J. Fred Lawton, associate general agent of the Connecticut Mutual in Detroit, made a 15-minute address on "The troit, made a 15-minute address on "The University of Michigan 20 Years Ago" over radio station WWJ, Detroit. The program was sponsored by the univer-

E. P. Tice, Midland Mutual, Columbus, has been named to represent the insurance interests of Ohio on the board of directors of the Ohio chamber of commerce.

After 37 years in the legal department of the Northwestern Mutual Life, Ben Wood, 70, has been retired on pension. od, 70, has been retired on pension. Wood never studied law but made real estate a specialty. He joined the Northwestern May 1, 1895. Millions of dollars of loans made by the Northwestern Mutual have hung on his examina-tions of real estate titles.

Joseph Klein, 78, formerly manager at Lincoln, Neb., for the Equitable Life of Iowa, died recently at his home in Berkeley, Cal. Mr. Klein was one of the big Nebraska producers for years prior to his removal to Berkeley in 1922.

B. J. Stookey, secretary of the Illinois Life, who sustained critical injuries near the station at Hinsdale, Ill., where he resides, falling into a walled ditch and fracturing his skull and pelvic bone, is and pelvic cone, is now able to be up in a wheel chair for a short time, being at the Hinsdale hospital. Mr. Stookey suffered severe pain and was unconscious for 10 days after his injury.

A. G. Ramsay, assistant general man-ager of the Canada Life, bears an honager of the Canada Life, bears an hon-ored name as A. G. Ramsay, his grand-father, in his day was a big factor in the organization. On the death of Hugh C. Baker, the founder of the Canada Life, some of the directors went to the old country to see if they could secure a manager. Being mostly of Scotch naa manager. Being mostly of Scotch nativity, five of these directors went to Scotland and there met A. G. Ramsay, a young man 30 years of age. He was engaged to go to Toronto and in the fall he arrived on a sailing vessel in Montreal, then by coach and sailing vessel to the Canada Life office. For 40 years he guided the company's affairs with an unswerping sense of honor. with an unswerving sense of honor.

Some of the insurance people in Texas are backing Guy MacLaughlin of Houston, Tex., general agent of the Franklin Life, for insurance commis-

sioner. It is taken for granted that Governor Ferguson will appoint a new commissioner to succeed W. A. Tarver, whose term expires in February. Mr. MacLaughlin is a personal friend of the governor's husband. Mr. MacLaughlin governor's husband. Mr. MacLaughlin is known as the father of the American College of Life Underwriters, having suggested the idea at first and kept persistently at the movement until it bote

Henry F. Whitcomb, 84, trustee of the Northwestern Mutual Life since 18%, and for the past 25 years a member of the finance committee, died at his home in Milwaukee after an illness of eight weeks. Mr. Whitcomb was president of the old Wisconsin Central Railroad and a director of the Marine National Exchange Bank.

R. D. Watkins, 60, president of the Home Beneficial of Richmond, Va. died last week after several weeks' illness. After several years with the Metropolitan Life, he joined with several associates in organizing the Home Beneficial. Mr. Watkins became president and continued to hold that post until his death. The company confined it. his death. The company confined it-self to writing of industrial life and sick benefit until 1925 when it added ordibenefit until 1925 when it added ora-nary life. Three of his brothers are in the service of the Home Beneficial. A. J. Watkins is general manager, while J. H. Watkins and L. H. Watkins are field men.

Frank M. See, St. Louis manager for the Union Central Life, has been elected a vice-president of the Kiwanis Club of

William A. Fraser, 63, president of the Woodmen of the World, Omaha fraternal, died Monday at Geneva, Switzer-land. Mr. Fraser had been ill for months with a heart ailment, and with his wife had gone to Europe to recuperate. The immediate cause of death was pneumonia. Burial will be at Dallas, Tex, his former home. Mr. Fraser had been in charge of the Woodmen of the World as president since 1913. Col. T. E. Pat. terson of Omaha, who has been active head of the fraternal for the last six months, automatically becomes presi-

Mr. Fraser was born in Aberdeen, Scotland, in 1869. Fraternal leaders credit Mr. Fraser with being the leader in the movement to readjust rates so as to place the fraternals on a sound financial basis. He was one of three men selected by the government to organize the war risk insurance bureau during

T. A. Peyser of the C. L. McMillen agency of the Northwestern Mutual Life in New York City, for many years an outstanding personal producer, defeated Mrs. Ruth Pratt in the 17th Congressional district, normally a Republican stronghold in an otherwise Democratic city. Mrs. Pratt who had never lican stronghold in an otherwise Demo-cratic city. Mrs. Pratt, who had never before lost a campaign, conceded Mr. Peyser's victory on the basis of early returns and estimated that he would win by 6,500 votes. Mr. Peyser had never before run for political office al-though his friends had frequently urged him to do so.

W. F. Faught, 51, Louisville manager of the Bankers Reserve Life died Tues-day afternoon at his home. He had of the Bankers Reserve Lite died they day afternoon at his home. He had been ill several months. Mr. Faught, a native of Owensboro, Ky., for a number of years was with the Metropolitan Life there, and later at Louisville as assistant manager. He was then with the Inter-Southern Life as special agent for about a year, and about three years. for about a year, and about three years ago became manager for the Bankers Reserve. H. F. White succeeds him as Louisville manager.

nber 11, 1902

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LIFE AGENCY CHANGES

Northwestern Mutual Supervisor in Chicago Succeeds Hazelton in Providence, R. I.

E. T. Lothgren, supervisor of the Hobart & Oates general agency of the Northwestern Mutual in Chicago for five years, has been appointed general agent by the company in Providence, R. I., succeeding W. F. Hazelton, who has been general agent there 16 years. Mr. Hazelton retired to personal production Nov. 1 and Mr. Lothgren will take charge Dec. 1.

Mr. Lothgren went with the North-

Mr. Lothgren went with the North-western Mutual in 1924 as statistician in Chicago. He also did considerable sales work. He became supervisor of Hobart & Oates in 1927, also having much to do with educating and training

agents.

He is president of the Chicago chapter of C. L. U. and vice-president of the Northwestern Mutual chapter. Mr. Lothgren for several years has been director of Northwestern University's C. L. U. review course and also in charge of and a lecturer in the life insurance class on the subjects of economics and life insurance fundamentals. life insurance fundamentals.

J. A. Bronson, A. H. Agnew

The Fidelity Mutual has appointed new managers at Spokane, Wash., and Winston-Salem, N. C. J. A. Bronson, now with the Mutual Life of New York, will assume the Spokane post and A. H. Agnew, formerly general agent for the John Hancock in North Carolina, will take charge of the office at Winston-Salem.

M. P. Marcrum

M. P. Marcrum has been made superintendent of the Prudential at Logansport. He joined the company as an
agent in Lafayette, Ind., in 1918, and
was made assistant at Lebanon, Ind.,
Sept. 5, 1921. Subsequently he represented the company in that capacity at
Lafayette, Logansport and Peru, Ind.,
and was transferred to Fort Wayne in
February, 1928.

Pan-American Life Appointments

Pan-American Life Appointments

The appointment of three new field managers for the Pan-American Life has been announced. T. N. Whitehurst, Beaumont, Tex., has been named manager for the east Texas district south of Marshall. Troy N. Whitehurst, his son, will be associate manager. F. H. Demaree, West Lafayette, Ind., has been appointed manager in that city and surrounding counties. E. J. Vigour, Gulfport, Miss., will manage the business in that district.

Samuel Brandwein

Samuel Brandwein has been appointed general agent of the Manhattan Life with headquarters in New York City. He entered the field in 1921 with the Haviland agency of the Equitable Life of New York. He was appointed a unit manager in 1924. Two years later he became agency manager. His agency was situated in the home office building of the Equitable.

R. W. McClain, W. W. Winne

R. W. McClain, W. W. Winne
Raymond W. McClain, assistant
agency manager Equitable Life of New
York in Denver, has been appointed
Colorado general agent for the Connecticut Mutual. He formerly lived in
Colorado Springs, going to Denver
about two years ago. He is a graduate
of DePauw University and the United
States naval academy. Mr. McClain
succeeds Walter W. Winne, who resigned after 23 years of service to
engage in personal production. He will

Lothgren Now General Agent be associate general agent with Mr. Mc-Clain.

Glen J. Hudson

The Hamilton National Life of Los Angeles has appointed Glen J. Hudson general agent for Alameda, Contra Costa and Napa counties, with head-quarters at Oakland, Cal. Mr. Hudson was formerly general agent for the Central States Life in that field, and later agency manager for the West Coast Life in San Francisco.

Metropolitan's Michigan Changes

C. S. McCumber, with the Metropolitan Life for 20 years, has become district manager for the upper peninsula of Michigan, succeeding Jeremiah Hare, who is retiring on a pension after 32 years of service.

Humphrey Marshall, manager for the Metropolitan at Battle Creek, Mich., and William Halverson, Sault Ste. Marie manager, have exchanged posts.

Robert T. Worley

The United Mutual Life, with Robert T. Worley as general agent, has established a new agency in 716 Old National Bank building, Spokane, Wash. The office will cover Washington and Idaho.

Donald H. Harkin

Donald H. Harkin has been appointed general agent for the National Life of Vermont for Marquette, Mich., and adjacent territory in the upper peninsula of Michigan, succeeding the late Joseph Courtney, who was general agent for many years. Mr. Harkin works under the George M. Robinson state agency in Detroit.

T. G. Herbert

T. G. Herbert

T. G. Herbert has been appointed manager of the Guardian Life at Denver. He is a native of that city and has spent most of his life in the state except while attending an eastern university. He was graduated from Dartmouth and the University of Colorado, since which time he has been in life insurance. For eight years he has been located at Boulder, Colo., as district agent for two New York life companies.

I. B. Smith, formerly with the Protective Life at Montgomery, Ala., has resigned to become manager there for the American Life, with offices at 311 Shepherd building, Montgomery.

H. Marshall Williams

H. Marshall Williams, who has been supervisor of agents at the Providence, R. I. office of the Phoenix Mutual, has been transferred to Omaha in the same

Life Agency Notes

Bert A. Perry has been appointed unit manager for the Reliance Life at Cor-pus Christi, Tex.

pus Christi, Tex.

J. G. Harweed. Williamson, Ia., has been appointed district manager for the Union Central Life at Albia, Ia.

E. C. Summers, manager at Ottumwa, Ia., for the Metropolitan Life, has been promoted to agency manager at Des Moines. F. W. Wozniak, formerly of Virginia, Minn., succeeds him.

Winnipeg Actuaries Elect

WINNIPEG, CAN., Nov. 10.—At the annual meeting of the Winnipeg Actuaries Club, C. C. Sinclair, assistant actuary Great West Life, was elected chairman and W. T. Watson, assistant actuary Monarch Life, secretary-treas-

the DeBarry conservation plan

10 GOOD REASONS

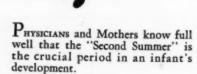
- I—Cash is obtained with every transaction.
- 2-Agency goodwill is maintained.
- 3-Complete harmony and coordination is established between your agents and DeBarry conservation specialists.
- 4-Agents do not lose renewals.
- 5-Your regular agents can devote their time to obtaining new business.
- 6-Personal calls are made on impaired policyholders regardless of where they live.
- 7—Only one company's business is assigned to any one conservation man at one time.
- 8—Lapsation is prevented by prompt attention to loaned policies.
- 9-Special reports given on status of policyholders.
- 10—The DeBarry plan is a proven method of handling conservation.

Regardless of your method of handling conservation you should inquire about the DeBarry plan. An interesting conservation prospectus will be sent to Home Office executives on request.

DEBARRY & ASSOCIATES, INC.

Conservation and Reclamation Counselors 222 WEST ADAMS STREET CHICAGO, ILLINOIS

K*eciprocity



Conscientious life underwriters know equally well that the second year is the "Second Summer," the danger period in the history of the average policy.

If the agent and his company wish to cling to as many policyholders as possible through the first two prepossible through the first two pre-carious years, the best way to assure results is by Adequate Compensation for the winning of the first renewal premium. In other words, when the company makes Renewal Pay Well— as it logically should—there is greater satisfaction and service to client, agent and company.

AMERICAN CENTRAL LIFE INSURANCE COMPAN' INDIANAPOLIS, IND.

We Have Attractive General Agency Openings in each of the following cities:

Duluth, Minn. Sioux City, Ia. Springfield, Mo. Savannah, Ga. Jacksonville, Fla.

Council Bluffs, Ia. Knoxville, Tenn. Nashville, Tenn. Miami, Fla. Tampa, Fla.

Our complete line of participating policies includes several contracts designed to meet today's economic conditions.

Also attractive Annuities and Juvenile policies.

For particulars write to F. A. Hicks, Superintendent of Agents

OMAHA, NEBR.

Assets Exceeding \$16,000,000.00

IN THE SOUTH AND SOUTHWEST

Anderson as general agent at Dallas with offices in the First National Bank building. He has been connected with the Bob White agency of the Jefferson Standard in Dallas.

Joe Autry has returned to his old love. He becomes manager of the Acacia Mutual Life in Texas, a position that he held for a number of years before.

The Jefferson Standard agents have been holding regional meetings through-out Texas under the direction of

Anderson With Atlantic Life

News and Convention Activities of Life
Insurance Men in Texas

Territory

The Atlantic Life has appointed Bert Anderson as general agent at Dallas with offices in the First National Bank building. He has been connected with the Bob White agency of the Jefferson

Agency Manager A. R. Perkins and H. T. Childre, superintendent of southwestern agent a now located at Austin.

A. C. Raines, agency director of the Great Southern Life at Dallas, finds that his men are getting results. Members of the agency working exclusively in Dallas wrote 134 applications in October. There were 24 agents. H. C. Fowler was the leader, producing 34 applications. H. E. Taylor came next with 30.

As SEEN FROM CHICAGO

An effort will be made in the next legislature by Chicago life insurance men to secure passage of a bill which will permit life companies to secure waiver of the aviation hazard from applicants who fly their own planes or ride in other than regular commercial passenger planes over established routes, or use the commercial routes more than or use the commercial routes more than the maximum number of times permitted by companies. The Illinois law at present has no provision for waiver of this hazard and therefore such waiver is not permissible. The lack of such a statute has made it impossible for companies to write life insurance on persons using airplanes more than occasionally, for lacking the waiver, they consider these risks too hazardous. * * *

CHICAGO AGENCY GETS TROPHY

President U. S. Brandt of the Ohio State Life a few days ago presented to the Chicago agency the President's Trophy, emblematic of first honors in the campaign recently conducted by the field force in honor of President Brandt. District Agent Harry E. Wood of the Chicago agency won first prize for per-

An effort will be made in the next legislature by Chicago life insurance Brandt to Chicago.

RELIEF DRIVE ACTIVITIES

Life insurance will have its own separate division in the drive for the gover-nor's relief and unemployment fund this nor's relief and unemployment fund this year, which starts Nov. 15. E. B. Dudley, manager Travelers, Chicago, has been appointed head of the division, which has been given an allotment of \$50,000 this year as against \$30,000 last year. Credit last year was not given for individual contributions of insurance men made direct, but will be allowed this year. Life insurance men turned in \$41,000 in 1931. Mr. Dudley reported plans at the meeting of the managers' division of the Chicago Association of Life Underwriters. Life Underwriters.

BANKERS MUTUAL MEN MEET

NEWS ABOUT LIFE POLICIES

New Policies, Premium Rates, Dividends, Surrender Values, and all Changes in Policy Literature, Rate Books, etc. Supplementing the "Unique Manual-Digest" and "Little Gem," Published Annually in May and March respectively. PRICE, \$5.00 and \$2.00 respectively.

Cuts Down On Its Dividends

National Life of Vermont Ann Effects of the Times on Its Earnings

The National Life of Vermont has announced a reduction in dividends for next year. The amount to be distributed in 1933 will be 85 percent of the sum required for 1932, which will approximately mean an average increase of about 4 percent in the new cost to policyholders.

President Howland, in announcing this action taken by the directors, says: "The great merit of mutual life insurance is the strength and flexibility afforded by making the premium enough larger than the assumed normal costs so that variations in business conditions can be met by corresponding changes in the dividend distribution. "While it is desirable to make the an-The National Life of Vermont has an-

the dividend distribution.
"While it is desirable to make the an-

nual return to policyholders out of these excess premium payments according to a dividend scale not subject to frequent fluctuations, yet the very purpose of the mutual plan anticipates changes when abnormal business conditions arise. Thus at the time of the influenza epidemic in 1918-1919 most of the mutual companies found it advisable to recoup the excessive mortality costs of that period by reductions in the dividend, although the National was fortunately able to maintain its scale. In our own case, we declared extra dividends of 20 percent in 1925, 1926 and 1929, because of specially nual return to policyholders out of these 1925, 1926 and 1929, because of specially favorable mortality and investment ex-

favorable mortality and investment experience in those years.

"At present all lines of business are suffering from diminishing returns, increased costs of operation, shrinkage in income and market values, and to some extent from capital losses. While the life insurance companies by reason of their structure and methods of operation are much less affected than most corporations, yet this seems to be a time

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rns, in-kage in o some son of operawhen company strength should be con-served by some reduction in dividend payments, and many excellent compa-nies are recognizing this in their 1933 apportionment.

"The additional control

"The additional savings thus effected will contribute toward an asset flucture ation reserve to care for future continguish pending business reasons." ation reserve to care for future contingencies pending business recovery. This will also enable the company to absorb the unusual present-day cost arising from increased federal taxation, increased postage, diminishing yield on investments, the carrying of large bank halances, and the other incidental charges connected with the depression. "The interest rate of 4.5 percent has been adopted for dividends left with the company and for funds held for deferred settlement."

Reduces Dividends 19 Percent

Connecticut Mutual Says High Taxes and Mortality and Liquid Assets Force Decrease

The Connecticut Mutual has announced a 19 percent reduction in its 1933 dividend scale, subject to the approval of its directors at their January meeting. President James L. Loomis says increased taxes, increased postal rates, increased violent death mortality and decreased interest earnings due to the necessity of carrying large liquid reserves which yield a low return, are the reasons for reducing the 1933 schedule, which is given below for the most popular policies:

PROPOSED DIVIDEND SCALE FOR

| | | O | dinary | Life | | |
|------------------|--------|--------|--------|--------|--------|---------|
| | Age | Age | Age | Age | Age | Age |
| Yr | . 20 | 25 | 35 | 45 | 55 | 65 |
| 1 | \$3.78 | \$3.89 | \$4.39 | \$5.22 | \$6.73 | \$ 9.54 |
| 2 | 3.82 | 4.02 | 4.56 | 5.48 | 7.11 | 10.0 |
| 3 | 3.92 | 4,13 | 4.74 | 5.75 | 7.50 | |
| 4 | 4.02 | 4.25 | 4.91 | 6.02 | 7.88 | 11.12 |
| 5 | 4.12 | 4.37 | 5.10 | 6.30 | 8.27 | 11.61 |
| 6 | 4.23 | 4.50 | 5.29 | 6.57 | 8,66 | 12.11 |
| 7 | 4.34 | 4,64 | 5.48 | 6.86 | 9.05 | |
| 8 | 4.45 | 4.78 | 5.69 | 7.14 | 9.43 | 13.07 |
| 0103-010-010-010 | 4.57 | 4.91 | 5.90 | 7.45 | 9.83 | 13.54 |
| 10 | 4.69 | 5.05 | 6.11 | 7.74 | 10.21 | 13.99 |
| 11 | 4.82 | 5.21 | 6.32 | 8.05 | 10.59 | 14.44 |
| 11 12 13 | 4.94 | 5.37 | 6.55 | 8.34 | 10.97 | 14.87 |
| 13 | 5.07 | 5.52 | 6.78 | 8,65 | 11.34 | 15.36 |
| 14 | 5.22 | 5.68 | 7.00 | 8.95 | 11.71 | 15.73 |
| 15 | 5.34 | 5,85 | 7.24 | 9.26 | 12.06 | 16.18 |
| 15 16 | 5,49 | 6.01 | 7.49 | 9.57 | 12.42 | 16.57 |
| 17 | 5.64 | 6.20 | 7.72 | 9.87 | 12.76 | 16.97 |
| 17 18 19 | 5.79 | 6.38 | 7.97 | 10.18 | 13.10 | 17.36 |
| 10 | 5.95 | 6.56 | 8.22 | 10.48 | 13.42 | 17.78 |
| 20 | 6.11 | 6.75 | 8.47 | 10.79 | 13.76 | 18.13 |
| | 4.44 | | | | | |
| | | Twent | y Payr | ment I | lfe | |
| | | | | | | |

| | | Twent; | Pay | ment I | lfe | |
|-----------------|------|--------|-------|--------|-------|-----|
| 1 | 3,98 | 4.07 | 4.33 | 4.72 | 5.44 | |
| 2 | 4.19 | 4.30 | 4.62 | 5.09 | 5.90 | |
| 3 | 4.42 | 4.55 | 4.91 | 5.46 | 6.36 | |
| 4 | 4.64 | 4.80 | 5.23 | 5.85 | 6.83 | |
| 5 | 4.88 | 5.06 | 5.55 | 6.25 | 7.30 | |
| 6 | 5.13 | 5.34 | 5.88 | 6,66 | 7.78 | |
| 7 | 5.38 | 5.61 | 6.22 | 7.08 | 8.26 | |
| 8 | 5.64 | 5.91 | 6.57 | 7.50 | 8.75 | |
| 9 | 5.91 | 6.20 | 6.94 | 7.94 | 9.24 | |
| 10 | 6.19 | 6.51 | 7,32 | 8.40 | 9.75 | |
| 7 8 9 10 11 2 3 | 6,49 | 6.83 | 7.71 | 8.85 | 10.26 | |
| 2 | 6.79 | 7.17 | 8.11 | 9.32 | 10.77 | * 1 |
| 13 | 7.11 | 7.51 | 8.53 | 9.81 | 11.30 | |
| 14 | 7.43 | 7.87 | 8.96 | 10,31 | 11.84 | |
| 5 | 7.76 | 8.24 | 9.40 | 10.82 | 12.40 | |
| 6 | 8.11 | 8.62 | 9.86 | 11.35 | 12.97 | |
| 7 | 8,47 | 9.02 | 10.34 | 11.89 | 13.57 | |
| 8 | 8.84 | 9.43 | 10.82 | 12.45 | 14.19 | |
| 9 | 9.23 | 9.85 | 11.33 | 13.04 | 14.86 | |
| 0 | 9.64 | 10.29 | 11.86 | 13.65 | 15.57 | |
| | | | | | | |

| | , | Twenty | Year | Endow | ment | |
|----------------|-------|--------|-------|-------|-------|---|
| 1 | 5,69 | 5.72 | 5.80 | 6.08 | 6.93 | |
| 2 | 6.15 | | 6.26 | 6,55 | 7.44 | |
| 3 | 6,63 | | 6.74 | 7.03 | 7.94 | |
| 4 | 7.12 | 7.13 | 7.23 | 7.52 | 8.45 | |
| 5 | 7.62 | 7.65 | 7.74 | 8.05 | 8.99 | |
| 6 | 8.15 | | 8,26 | 8.58 | 9.52 | |
| 7 | 8,69 | 8,71 | 8,81 | 9.12 | 10.06 | 0 |
| 8 | 9.26 | 9,28 | 9.38 | 9.69 | 10.61 | |
| 9 | 9.85 | 9.87 | 9.96 | 10.27 | 11.18 | |
| 10 11 12 | 10.46 | 10.48 | 10.57 | 10.87 | 11.75 | |
| 11 | 11.09 | 11.11 | 11.20 | 11.49 | 12.35 | |
| 12 | 11.75 | 11.76 | 11.85 | 12.13 | 12.96 | |
| 13 | 12.43 | 12.45 | 12.53 | 12.79 | 13.58 | |
| 14 | 13.14 | 13.15 | 13,23 | 13.48 | 14.24 | 9 |
| 15 | 13,88 | 13.89 | 13.96 | 14.19 | 14.91 | |
| 16 | 14.64 | 14.65 | 14.72 | 14.94 | 15.62 | |
| 17 | 15.43 | 15.44 | 15.51 | 15.72 | 16.38 | |
| 18 | 16.24 | 16.27 | 16.34 | 16.55 | 17.19 | |
| 19 | 17.11 | | 17.19 | 17.40 | 18.08 | 0 |
| 20 | 17.99 | 18.01 | 18,09 | 18.32 | 19.04 | |

Equitable Life of New York

the due date must end not later than Dec. 31, 1933. The usual deposit of 5 percent of the premium is required for each month of extension, including the grace period.

Midland National Life

The Midland National Life of Watertown, S. D., announces that it will continue its dividend scale effective March 1, 1933, on the same basis as in force for 1932. It has some \$2,000,000 participating insurance, although most of its business in force is nonparticipating.

ASSOCIATIONS

Urges One Idea in Selling

Holgar Johnson Tells Life Men They Must Be Prepared for the New Day

Holgar J. Johnson of Pittsburgh, manager of the Penn Mutual Life, in speaking before the Rochester Life



HOLGAR J. JOHNSON

Underwriters Association said that it Underwriters Association said that it is reasonable to assume that perhaps 20 percent of the men in life insurance today will not be able to stand the test of the depression and come through. He said that as a result of the present chaotic economic circumstances, a new leadership is being made. This will come from those who have the ability and capacity to master the resent situation and are not content. present situation and are not content to brood over the past. They are the men who confidently look forward with vision, wisdom and courage.

Sees Definite Movement Forward

Mr. Johnson thinks there will be a definite movement forward in life insurance and if the men in the field are to capitalize on it there are some things which must be accomplished. He said in the first place there must be a more well defined trend toward aggressive selling and a little less sympathetic understanding. Some agency men, he feels, have allowed their sentiment to run away with them and have not been able to inspire men in the face of existing conditions to do a real job. Secondly, he said, the improved business structure will require that future competition for the American dollar be recognized. There are many different devices, products, machines and services that will be out of date and will have to be replaced. There will be an aggressive selling campaign.

One Iden Selling Needed

Equitable Life of New York

The Equitable of New York announces that it will continue in 1933 its practice of allowing eight months' extension beyond the grace period on annual premiums. This rule applies to all annual premium contracts except term and economic adjustment. Any premium extension for more than six months beyond

he Road Ahead

The success ahead of a life insurance salesman depends upon five definite things-

- 1. Himself
- 2. His field
- His policy contracts
- His contract
- His company

All of these are equally important. If all are good, success can be predetermined.

To the man who possesses the right qualifications, we will supply the other requisites of the right field, the right policies, the right contract, with the right Company.



•For information address: A. R. Perkins, Agency Manager

JEFFERSON STANDARD LIFE INSURANCE COMPANY

JULIAN PRICE, President

Greensboro, North Carolina

ENTHUSIASM

Honest belief in the product backed by a sincere appreciation of Company connections generates that vital, all-essential quality-Enthusiasm.

Buffalo Life Policies answer the first requisite. Liberal commissions and real service take care of the second.

Excellent opportunities available to qualifying agents in New York and Ohio.

JOHN M. HULL President

FRANK F. EHLEN Director of Agencies

BUFFALO MUTUAL LIFE INSURANCE COMPANY

452 Delaware Ave.

Buffalo, N. Y.

He Knew It All!

"I am ready to die," said an old man in a backwoods region; "I've seen everything there is to see and know all there is to know." Along came a Yankee traveler and showed him how to light a pipe with a magnifying glass. The old man (so the story goes) became convinced there were still a few things he might learn and took a new lease on life. CNo one class of people has a monopoly on limited vision. It is also the bugaboo of many life un-

COMMONWEALTH CORDIAL CO:OPERATION

derwriters who feel that 'they know it all when just the surface has been skimmed. ¶ Commonwealth Cordial Cooperation does the most good for the underwriter who keeps his eye on the distant horizons of achievement; who knows of a few "new" methods that won't work but is not disillusioned or discouraged by them, who keeps an open mind on the question of selling, and can apply intelligently the sales helps offered him. For such an underwriter, Commonwealth cooperation will make sales easier.

COMMONWEALTH LIFE INSURANCE CO. LOUISVILLE, KY.

or protection. There should be one carefully organized sales talk, studied and learned. The salesman should be well grounded and prepared in his one idea.

Mr. Johnson said that it will be necessary to proceed the market of people.

Mr. Johnson said that it will be necessary to increase the number of people that a salesman calls on each day. In 1930, in his agency, records show that one sale was made out of every 5.4 interviews. This year there is one sale out of every 9.9 sales interviews.

Mr. Johnson said that if life insurance mean propose to be an active part

ance men propose to be an active part in the distribution group of the business, they must begin now to organize a definite program that will sell their ideas so enthusiastically, so convincingly, that when business circumstance actually do improve, the life insurance idea will be firmly imbedded in the mind of the prospective buyer. If this ideas are it should be other descriptors. mind of the prospective buyer. If this is done, as it should be, other elements of competition for the dollar will be in secondary place.

Twisting Challenges Business

President Thompson Tells Detroit Underwriters That Abstracter Is Menace to Life Business

Twisting was characterized as the worst evil of the insurance business by President Charles C. Thompson of the National Association of Life Underwriters, in a talk to the Life Underwriters Association of Detroit last week.

ers Association of Detroit last week.

"In the last few years our profession has grown to enjoy a high order of public respect and confidence," said Mr. Thompson. "In order to maintain that esteem we will have to cling fast to our code of ethics which forbids us to set our own material benefit before that of the public.

the public.
"Unless we present a solid front of opposition to the twister and the abopposition to the twister and the abstracter and run this type of underwriter out of our ranks, we, too, will share the public distrust to which so many members of one-time honorable professions have been subjected."

Past presidents of the association were honored at the luncheon, over which President Thomas F. O'Keefe, which President Thomas F. O'Reere, general agent Connecticut General, pre-sided. Chief among them was W. T. Gage, retired general agent for the Northwestern Mutual and the city's oldest licensed underwriter, who was charter member in 1886 and was fourth president.

president.

Other past presidents on the speakers' rostrum were William Van Sickle, retired manager Home Life; F. C. Campbell, A. C. Utter, state agent New England Mutual; M. H. Zacharias, Equitable of Iowa; D. A. MacKinnon, Provident Mutual; Ernest W. Owen, state manager Sun of Canada; Thatcher W. Root, supervisor Mutual Benefit; Robert M. Ryan, state manager Equitable of New York; John G. Morey, state manager Guardian; Nathaniel W. Reese, state manager Provident Mutual; Edward W. Baker, New England Mutual, and Hugh E. VandeWalker, Michigan supervisor American Life. American Life.

American Life.

* * *

Philadelphia—At the Philadelphia association's meeting this week the speakers were President Parkinson of the Equitable Life of New York and Lawrence E. Simon, general agent Massachusetts Mutual in New York City.

* * *

Ashland, Ky.—Kirby I. Dickerson, general agent Midland Mutual Life, Newark, O., was the principal speaker at a dinner meeting of the Ashland association.

Decatur, Ill.—At the annual meeting Decatur, III.—At the annual meeting of the Decatur association officers were elected as follows: F. H. Newell, Penn Mutual, president; Eldon Geiger, vice-president, and W. A. Ivey, secretary-treasurer, C. R. Light, F. L. Walker and D. K. Kissinger are directors.

* * * *

Kansas City, Mo.—The Kansas City Association has outlined a definite program for monthly meetings the coming

will be the subject; January determining the prospect's needs; February, modern presentations, visual selling with sales demonstration; March, motivation in closing; April, the annual sales con-gress; May, business insurance, and

ress; April, the annual sales congress; May, business insurance, and June, annuities.

* * *

Richmend, Va.—Hawes Coleman, Jr., trust representative of the State-Planters Bank & Trust Company of Richmond, addressed the life underwriters last week on the new federal estate and gift taxes as they affect life insurance. This week he discussed the investment merits of life insurance and the application of the life insurance trust to present day problems.

* * *

Linceln, Neb.—At the November meeting of the Lincoln association, President Reed announced that an interesting program is being arranged for the state association preserved.

gram is being arranged for the state association meeting in Kearney later in

association meeting in Kearney later in the month.

Dr. J. J. Hompes, Lincoln eye, ear, nose and throat specialist, who recently returned from a two months' stay in India, where he did operative surgery at several large hospitals maintained by American churches, spoke on the habits and customs of that country.

Oklahoma—Robert M. White, general agent for the Jefferson Standard at Dallas, Tex., and president of the North Texas association, will preside at the

November meeting of the Oklahoma association in Oklahoma City, when the program will be furnished by the Dalla organization.

* * *

Buffale, N. Y.—The Buffalo association has elected these officers: Jay L. Le. Phoenix Mutual, president; M. O. Ceder. quist, Travelers, first vice-president; W. B. Smith, New York Life, second vice-president; Ford W. Turgeon, Union Central, secretary, and Robert A. Scott. Equitable of New York, treasurer, P. A. G. Merrill, State Mutual, is national executive committeeman.

New York City—The New York City association met this week with Insurance Superintendent Van Schaick of New York, President Thompson of the National association, and Vice-President H. E. North of the Metropolitan as the

Des Meines—Roger B. Hull, managing director National association, addressed the Nov. 5 meeting of the Des Moines association on "Getting Back to Main Street." A. H. Pickford, general agest Provident Mutual, was named second Provident Mutual, was named second vice-president, succeeding L. P. Hickey, general agent Metropolitan Life, who has been transferred to Omaha. LeRoy W. Secor, general agent Great Westen, was named a director to succeed Mr. Pickford.

As SEEN FROM NEW YORK

RECONSTRUCTION FINANCE LOANS

Until July 1, the Reconstruction Finance Corporation did not make public the details as to its insurance company loans. There have been three publications of loans since that time as the law was amended, making publicity neces-sary. From Feb. 2 to Oct. 1, the cor-poration authorized loans to insurance companies amounting to \$75,193,200. Of this amount \$59,433,319 has been paid and \$2,062,412 paid back. The outstanding amount, therefore, as of Oct. 1 was \$57,370,907. The loans were made to 88 insurance companies located in 27 states. There were loans to 13 companies aggregating \$3,370,000 in September and \$3,708,000 to 10 companies in August. Of the loans made by the Reconstruction Finance Corporation to various enterprises, 5.7 percent have been made to insurance companies.

M. H. LEONARD MADE ASSISTANT

M. H. Leonard has been appointed assistant manager of the Connecticut General Life under Manager T. G. Morrell in the Transportation building, New York City. He entered the life business in Boston, producing his first year \$1,000,000. He then took up supervisory work. He has been in the trust department of the Central Hanover Bank in New York City for the last two years and has been the largest producer of personal trust business in this institution.

PLEA FOR MILITANT SELLING

New York City Penn Mutual agents New York City Penn Mutual agents and general agents met Saturday to organize for unified action in the November-December drive for applications in honor of President William A. Law's tenth anniversary as head of the company. Vice-president John A. Stevenson made a plea for militant selling. Mr. Stevenson said he did not mean "high pressure" methods but agents should be more aggressive and not take "no" for an answer. There is plenty of buying power, he said, but not enough selling power. The people who used to say they could invest their money to better they could invest their money to better advantage than in life insurance are now the ones who say life insurance is a great thing but they haven't the money to put into it. It will take more aggressive methods to reach these people,

will conduct a course trusts, estates and taxation at the Seth Boyden School of Business in Newark The school's life insurance courses will also include one in life insurance fundamentals, both conducted by Prof. Irrepart of the conducted by Prof. Irrepar ing Bendiner of the insurance division of the Wharton School in Philadelphia, who with Prof. J. E. Bragg of New York University inaugurated the school's life insurance courses last year

LIFE MANAGERS MEETING

The Greater New York Life Managers Association will meet Dec. 1. The speakers at its banquet will be President G. W. Smith of the New England Mutual, Vice-president P. M. Fraser of the Connecticut Mutual. The conference will precede the dinner, there being ence will precede the dinner, there being three subjects to be taken up. The first is the "Recruiting and Selection of New Agents" to be handled by C. D. Conell, Provident Mutual; J. Elliott Hall, Penn Mutual; W. J. Dunsmore, Equitable of New York. The next is, "Keeping Up Morale," which will be led by John C. McNamara, Guardian Life. The third topic will be "Training and Financing of Agents," this to be led by H. A. Schmidt, New England Mutual; Paul Clark, John Hancock Mutual in Boston.

Against Trading Stamp Plan

LANSING, MICH., Nov. 10.—The Michigan department has tentatively frowned upon a proposal to adapt the "trading stamp" idea to life insurance. Some Battle Creek promoters have come Some Battle Creek promoters have come forward with a plan under which stores would give customers coupons or trading stamps with merchandise purchases, the stamps to be redeemable in part payment of life insurance premiums. If was disclosed, however, through questioning of the promoters by department officials, that the stamps would have a higher redemption value when applied to insurance payments than when reto insurance payments than when re deemed for cash. Such discriminatory treatment, department officials believe, would constitute a violation of the anti-rebate law and would render the entire plan illegal.

New Oklahoma Company Chartered

Association has outlined a definite program for monthly meetings the coming nine months. R. B. Hull, managing director National Association, opened the season Nov. 7 with his "Getting Back to Main Street."

In December, modern approach tactics

The definition of the New York City Life Underwriters Association.

The definition of the New York City Life Underwriters Association has outlined at elemited program of the new that the season Nov. 7 with his "Getting Back to Main Street."

A charter has been granted to the Guaranty Life of Tulsa, Okla., with \$50,000 capital. Incorporators include the New York City Life Underwriters Association as outlined at the season Nov. 7 with his "Getting Back to Main Street."

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Plan 10.-The entatively dapt the nsurance. ave come ch stores or trad-urchases, part pay-ums. It gh queshave a applied

hen reninatory believe he antie entire

artered to the include M. M. Pure Protection Life's Side in Controversy Presented

(CONTINUED FROM PAGE 11)

The effect of the insurance commissioner's opinion and decision, if it is sustained by the courts, which we think it will not be, is that no life agent may make a comparison between term insurance and so called and miscalled 'investment' insurance without being subject to being his license withdrawn by the ance and so called and miscalled 'investment' insurance without being subject to
having his license withdrawn by the
insurance commissioner. As you say,
the commissioner quotes G. C. Section
13171, which authorizes him to deprive
an agent of his license if he has been
convicted in a court of justice of making
false statements in connection with the
conduct of the life insurance business.
Needless to say, none of these agents
have been charged in any court of justice with anything, much less convicted.
Still more needless to say, none of them
could have been convicted before a jury
by the evidence which was introduced
before the commissioner of doing anything which was wrong. We say 'needless to say' this is true because if any
of these agents had been guilty of any
offenses under the law, we think it is
berefectly apparent that effort would
have been made to indict them.

Put Up Legal Reserve

Put Up Legal Reserve

"Your article is headed 'Attacks on Legal Reserve Halted by Ohio Decision.' Your article and your editorial imply that the Pure Protection Life Association does not maintain the legal reserve required by law, and in this you are either misinformed or the publication is deliberately malicious. The Pure Protection Life Association, since its organization in 1912, has always maintained the full American experience preliminary term legal reserve, and since 1925 all mutual protectives in Ohio have been required to maintain this reserve.

been required to maintain this reserve.
"If the so-called 'investment protective' plan of insurance is one which will bear honest comparison with term insurance, then, of course, it needs no proance, then, of course, it needs no protection by the insurance commissioner of Ohio or by anybody else. If, when sold as 'investment' it is misrepresented to the public, then, of course, it should become the duty of such public official to see that such misrepresentation is stopped. Any person who makes an honest comparison between two forms of insurance is not only rendering a public service but certainly is not committing any offense under the law, whether the comparison results in the policyholder taking his cash value misrepresented to him as 'investment' or not. The views indicated by the commissioner that the insurance companies have a sort of lien upon the right of the policyholder to decide what contracts he wishes to make, is certainly novel.

Writes Insurance as Insurance

Writes Insurance as Insurance

"The Pure Protection Life Association writes legal reserve insurance, but it writes its insurance as insurance and not as 'investment.' In other words, it writes it honestly. It is incredible that the editors of The NATIONAL UNDERWRITER do not know that life insurance is not, never was and never will be an investment in any proper sense of the term. We do not know of anything in the 'existing conditions' which warrants anybody in taking the position that anything which is right affecting the interest of the public may not be publicly declared, or that anything which is wrong may not be exposed.

"The Pure Protection Life Association, contrary to the implication of your editorial, does not write any assessment contracts and never did write any contracts which might be subject to assessment unless the actuarial basis upon which life insurance is founded is inadequate, which we suppose you would be the last to contend." The Pure Protection Life Association

quate, which we suppose you would be the last to contend."

Mutual Trust Life

The Mutual Trust Life of Chicago recorded a 20 percent increase in paid business in October over October, 1931.

Montana Life Has Appointed Lee Cannon Coast Manager

Lee Cannon has been appointed Pacific Coast manager of the Montana Life with headquarters at Los Angeles. For the present he will devote most of his time to the organization of new agencies in California. He was formerly connected with the Sunset agency of the Western States Life at Los Angeles, he being appointed assistant manager in 1926. He left there in 1930 to become agency manager at San Jose. He returned to Los Angeles as manager of the Jefferson Standard Life. He graduated from the state normal school at LaCrosse, Wis., in 1918. He became high school director of physical education and athletics at Redondo Beach, Cal., leaving there to go with the Western States. ern States.

R. B. Richardson Advanced

R. B. Richardson Advanced
R. B. Richardson has been appointed vice-president of the Montana Life to succeed the late T. B. Miller. He went with the company in January, 1928, as actuary. Mr. Richardson was educated at the University of Michigan, graduating from that organization on his return from the war. He became assistant actuary of the New World Life. Mr. Miller went to Montana in 1889 and established an agency at Helena, dealing in all forms of insurance and real estate.

Sets Big October Record

Sales of the Northwestern National Life in October were the best since June, 1930, and ahead of October, 1931, by a substantial amount.

"Despite the general feeling of business timidity in the face of the impending national election," said President O. J. Arnold, "the October total was 33 percent higher than the average monthly production for the first nine months of the year and represented an increase of the year and represented an increase of 11 percent over the best previous month of 1932 and a gain of 7 percent over last October."

Finds \$200,000 Impairment

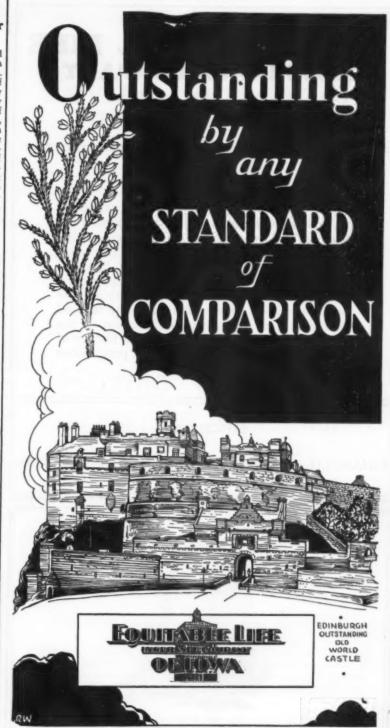
Attorney A. A. McKinley, who is receiver for the Victory Life of Chicago, a Negro institution, states that at present there is an impairment of about \$200,000 in the reserve of that company. The New York people, who were interested in the company, Mr. McKinley states, are attempting to raise \$250,000 to put the company on its feet and the receivers are giving them an opportunity to make good. The receivers will make a report in about 10 days, Mr. McKinley states. Insurance in force has dropped to about \$12,000,000. dropped to about \$12,000,000.

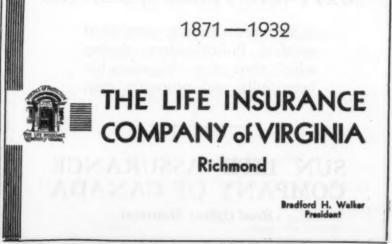
Subject to Louisiana Tax

Life insurance proceeds made payable to the insured's estate are subject to state income tax, according to a decision by the Louisiana supreme court. The policies involved totaled \$15,086. The district court held the proceeds taxable but was reversed by the court of appeals which in turn was reversed by the supreme court.

Hardy in St. Louis

E. R. Hardy, secretary-treasurer of the Insurance Institute of America, addressed American Central home office employes at St. Louis who are interested in the institute courses. Employes who had completed the two-year course met with Mr. Hardy, who explained the requirements for the thesis that must be written before a fellowship in the institute can be obtained. Classes will start the latter part of November in preparation for the examinations in the spring. For the third year, Miss Helen Clark, assistant actuary, will be in charge of these study groups.





STATE MUTUAL LIFE ASSURANCE COMPANY

WORCESTER, MASSACHUSETTS

VISION---

For more than eighty-eight years, sagacious and conservative management has piloted the State Mutual through the most perilous disturbances in the economic history of our country. Today, more than ever before, financial stability, pure mutuality and a background rich in the experiences of other years are the basic principles upon which the State Mutual is building, in thoughtful anticipation of the dawn of the greatest ten years in its history of nearly a century of conservatively progressive life underwriting.

SINCE 1844

FINANCIAL STABILITY—COMPLETE PROTECTION



Head Office: Mon

SIXTY-ONE YEARS of SERVICE

to an ever-increasing number of satisfied Policyholders, during which time every obligation has been fully and promptly met.

SUN LIFE ASSURANCE COMPANY OF CANADA

Head Office: Montreal

Many Favor a \$25 Surrender Charge

(CONTINUED FROM PAGE 2)

the business, since first year commissions would not be so large.

On asset share basis, Mr. Bagley said, most cash values are higher than justified for several years. A discontinuing policyholder, he said, should never receive more than his asset share minus. policyholder, he said, should never re-ceive more than his asset share minus some surrender charge. He suggested that a \$25 per thousand surrender charge or 25 percent of the reserve, whichever is less, might be assessed. This would reduce lapsation and substi-tution, he said.

Benefits Delayed

Another speaker expressed the belief that increasing surrender charges is not nearly the adequate answer, but it should be applied as soon as possible. He pointed out that the benefits would accrue very slowly, because the increased surrender charges could not be applied to existing policies. The idea has been germinated that the policyholder, after a few years, has a demand deposit equal to the legal reserve on his policy. Either the companies must put themselves in a position to meet that situation or recode position to meet that situation or recede

from that position, he said.

The prevalence of withdrawals affects the interest earnings of the companies, this speaker pointed out, because the this speaker pointed out, because the companies must be in a more liquid position. Accordingly, he said, this loss in interest earnings should be assessed against those discontinuing policyholders. In determining what the withdrawal values should be, the loss in interest earnings must be taken into consideration. sideration.

The point was made that public confidence has been built up because of the way life insurance has met its cash demands. If the companies tighten their requirements, they may lose some public

W. A. Jenkins of the Lincoln National Life read a paper which had been sent in by H. J. Stowe, assistant actuary Manufacturers Life.

The theory, according to Mr. Stowe, that the retiring policyholder should get back his reserve has created in the minds of policyholders that they have the right to demand their equity at any time. No policyholder, he said, should be allowed to withdraw any amount that is needed by the company to carry out its obliga-

by the company to carry out its obliga-tions to the remaining policyholders.

The \$10 surrender charge of the Manufacturers Life during the first nine months of this year, according to Mr. Stowe, represents only 6 percent of the amount paid out to retiring policyhold-ers. If the surrender charge had been \$15 it yould have represented 15 percent ers. If the surrender charge had been \$15, it would have represented 15 percent paid out in surrenders. If a \$25 surrender charge were assessed, 8 percent of the company's assets would never be subject to call. He suggested the possibility of varying the interest rates on loans to policyholders from time to time.

Practical Angle Stressed

Practical Angle Stressed

Percy H. Evans, vice-president and actuary of the Northwestern Mutual Life, said that the practical angle of getting people insured should not be forgotten. He said that people must be insured before any of the problems under discussion arise. The theory, he said, is splendid that no dividends should be paid until the policyholders have liquidated the cost of coming into the company. But from a practical standpoint, this is impossible. Life insurance, he pointed out, is based on some mathematical foundations and an attempt is made to fit in to the business a system of agency compensation which has no relation to its mathematical foundation. Therefore a practical viewpoint is necessary as well as a mathematical one.

sary as well as a mathematical one.

There are two extremes, Mr. Evans said—the strict asset share basis and the theory that a block of business is worth what is paid for it. The practical

solution lies somewhere between those extremes, he said.

The Northwestern Mutual, Mr. Evans pointed out, increased its surrender charges recently. This was done relactionately, he said, and the company realized that it will be several years before the increase will make any substantial difference in the company's cash payment. The change was made, he said, in an effort to get the business on a better relationship between agency company. relationship between agency compensa-tion and the withdrawing policyholders. Cash values, Mr. Evans said, should never exceed some minimum. Mr. Larus spoke again, saying that

Mr. Larus spoke again, saying may overpayment in the early years is not of vast importance provided the policyholder who leaves early pays up his deficiency. The company should act as a group in instituting changes, he said.

M. A. Linton's Views

M. A. Linton, president of the Provident Mutual, said that the actuarial features of the policy should be arranged so that it can never be shown to be advantaged. tageous to surrender and rewrite for the agents to surrender and rewrite for the agent should not be penalized for something that can be shown to be of advantage to the policyholder, he said. If, by any possible calculations, it can be shown to be of advantage for policyholders to shift, "the condemnation is ours as actuaries to let it exist," he said.

ours as actuaries to let it exist," he said.

Mr. Linton said if the public gets the notion it is wise to surrender policies on which there are heavy loans, it is only a step to the notion that it is wise to surrender wherever large reserves exist.

Some of the rewriting plans which are now being used, according to Mr. Linton, are possessed of grave deapers.

ton, are possessed of grave dangers. They are likely to undermine the morale of the agency force, by showing how the agent can divert part of the policyholder's reserve to his own pocket.

Pension Plans Put on Sounder Basis

(CONTINUED FROM PAGE 3)

the various funded methods were vast improvements on the non-funded method, almost none offered the prote-tion to which the employe was entitled. The outside trustee method at its best, with almost constant supervision from a consulting actuary, had many draw-backs, chief of which was that it pro-vided no assurance that the funds would be adequate to carry out the terms of

The absence of a number of guarantees from the outside agency was primarily responsible for this lack of assurance: (1) the guarantee that the funds would earn the required rate of interest year in and year out, (2) the guarantee that the mortality experience of the that the mortality experience of the group would even approximate the experience on which the annuitants' mortality table was based, (3) the guarantee that the labor turnover would not be less and the prospective salary scales would not rise more quickly than were assumed for purposes of calculation, (4) the guarantee against loss of the funds themselves through careless or unsound financing, and (5) the guarantee that the cost of administration would be kept within a certain small minimum. All of these guaranties, however, are given in these guaranties, however, are given in the plans underwritten by life insurance companies.

Use of Paid-up Annuities

V. The trend toward the vesting of the employers' contributions in whole or in part in the employe in the form of paid-up annuities. Industry was hesitant about accepting this radical step for two reasons: first, that by cutting out the rather large credit from labor turnover the cost would be considerably increased, and second, that while the plan was originally established to encourage long service, this would, they felt, put a premium on changes from one employment to another. ment to another.

However, industry is beginning to feel

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that if the whole question of old age dependency is to be adequately met and the man who moves too often from one employment to another is not to be a charge on society generally, some part at least of these credits should be absorbed in the cost of the retirement plan. A recent step has been to vest part of the credits after a certain number of years, increasing the percentage either yearly or at five-year intervals until the credits are completely vested after, say, 20 or 25 years. One such arrangement is 50 percent after 10 years, 75 percent after 15 years, and 100 percent after 20 years.

November 11, 1932

With Interest Form Used

VI. The trend toward the "withinterest" form of retirement plan. At
first many contributory plans were still
considered as pension plans, not as savings plans, and the employe's money
was usually returned to him without interest in case of death or withdrawal
before the date for retirement.
The plan of returning funds with interest, usually at 3½ percent, resulted
from employers realizing that they might
be offering something less attractive than

be offering something less attractive than the savings banks, but was also given as an added attraction to the younger employes whose interest in their own retirement was not yet as great as it hould have been.

Disposition of Withdrawal Benefits

VII. The trend toward the payment of withdrawal benefits in small weekly or monthly amounts instead of in a lump sum. Experience in the last three years with withdrawals from retirement years with withdrawals from retirement plans has in some companies raised the question of the wisdom of paying out withdrawal values in lump sum form, especially where the plan has been in operation a number of years. Because of the danger of exhausting the employe's entire paid-up annuity and the hazard of placing so large a sum in the hands of an inexperienced employe, the plan of paying out the accumulated value in small installments has been adopted in the hope that such funds can be more wisely spent if spread over a period of wisely spent if spread over a period of time and also in the hope that the employe will find new employment or re-turn to his previous employment long before he has used up his withdrawal

Use of Composite Plan

VIII. The trend toward a combina-tion of a non-contributory with a con-tributory plan, known as a composite plan, or, as an alternative, to make the plan in whole or in part a condition of employment for new employes. When the plan adopted is voluntary, the very When people who need the protection most are those who do not participate, and industry still is faced with at least the social problem of caring for these people at

A recent development in retirement A recent development in retirement plans has been a combination plan under which every employe is guaranteed some retirement income and, if he contributes, he is assisted by his employer to increase this income to a more adequate basis. This has the tendency of relieving the employer from some of his worry as to what will have to be done for the thriftless employe who remains until retirement age. until retirement age.

Elimination of Service Requirements

IX. The trend toward the elimination of service requirements for eligibility to retirement benefits. The older man in industry has offered a perplexing problem in the last few years, especially his re-entry into employment once he has lost his job. One of the reasons given by employment officers for hesitancy in adding men over 45 to the payroll is the cost of pensions. This reason is probably a valid one when the pension plan has the 25-year or 20-year service requirement since it tends to continue employes in service beyond normal retirement age in order to complete the requirement, this at considerable increase in cost and with a distinct drag on production.

Maximum Limit

Frank D. Kineke, assistant actuary of the Prudential, advocated universal use of the two-year clause, but he said that a longer period should not be demanded. He expressed the belief that men would not plan suicide further ahead than two years. Suicide, he contends, is prompted by a pathologic mental condition and he asserted that insurance companies are equally justified in insurance companies are equally justified in insurance companies should have a maximum limit of issue of \$100,000 or charge an extra rate for policies in excess of that amount. He suggested an extra charge of \$2.50 per thousand for the session that a considerable in excess of that amount. He suggested an extra charge of \$2.50 per thousand for the second hundred thousand of insurance and \$5 for the IX. The trend toward the elimina-

ment is eliminated and the employe is given credit for exactly the number of years served, old men may be employed freely without too heavy a strain on the budget and industry will do its part in solving this social problem.

Greater Legal Security Demanded

Greater Legal Security Demanded

X. The trend toward greater legal security for the employe in connection with his retirement income. The legal status of employes under early plans was of little security. Even after pensions were granted, an employe had small assurance that the income would continue from month to month. Some plans are still in this unsatisfactory state.

Over the last 10 years, however, the legal status of the employe has steadily improved. Plans have been announced to the employe where before they were simply a matter of precedent. The setting aside of reserves beyond the reach of the vagaries of sales, mergers, and bankruptcies has made them more contractual, and the underwriting of the plans has fully secured to the employe not only his own money but the employer's money in case he remained until retirement. In fact, most of the plans provide that in case of discontinuance of the plan the employer's fund will be vested in the continuing employers in the form of paid-up annuities. Some idea of the trend toward underwritten plans and this legal security may be obtained from the fact that companies writing group annuities or pension plans have, even in this year of depressed business conditions, written more contracts than in any previous year.

Actuaries Debate Permanent,

Actuaries Debate Permanent, Five-year Suicide Clause

(CONTINUED FROM PAGE 1)

all savings that would be obtained if there was a clause which operated in-definitely."

definitely."

Underwriting is not entirely to blame for the suicide situation, he said. There are many cases in which the present financial condition of policyholders may be an inducement to suicide, he said, when the same policyholders were believed to have been under-insured four years ago.

Legal Restrictions

Legal Restrictions

Mr. Buttolph expressed the belief that all legal restrictions should be removed and the question of suicide clause should be left to the discretion of the companies. Under the common law of England, he pointed out, suicide was a crime and in many states in this country an attempt at suicide is a crime. The common conscience, he said, regards suicide as an immoral act. Accordingly it is contrary to public policy to encourage it. Mr. Buttolph asserted that it is inconsistent for the law to say that the companies must insure against an act which is contrary to public policy and contrary to the basic principles of insurance. He cited a recent decision of the supreme court of Maine to the effect that there is an implied obligation that the insured will do nothing wrongfully to hasten the maturity of the policy. Despite the principle in that decision, Mr. Buttolph said the laws prohibit making contract obligations of those implied obligations.

Maximum Limit

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- 4. REMUNERATIVE CONTRACTS



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third hundred thousand. This might not prove practicable, however, so he said that insistence on a maximum limit

might be the best. E. O. Dunlap, assistant actuary of the Metropolitan, pointed out that there has been an increase in suicide among ordinary policyholders. In 1929 there were 14 suicides per 100,000 population in the United States registration area and 15.4 per 100,000 in 1930. Among the industrial companies there were 9.1 suicides per 100,000 in 1929; 10.4 in 1930 and 10.9 in 1931. Among ordinary companies there were 24 suicides per 100,000 population in 1929; 29.7 in 1930 and 33.6 in

In the Metropolitan, among industrial not the Metropolitan, among industrial policyholders, there were 8.5 suicides per 100,000 population in 1929; 9.8 in 1930 and 10 in 1931. Among ordinary policyholders in the Metropolitan there were 19.1 in 1929; 23.6 in 1930 and 22.8 in

Why Industrial Is Better

Suicides increase with age, are higher for males, increase with the size of the policies, and are lower for Negroes, he pointed out. This explains to some ex-tent why the industrial record is better. Among industrial policyholders the sui-cide record at younger ages is more favorable, but at the older ages among white males it is even

ordinary.
Percy H. Evans, vice-president and actuary of the Northwestern Mutual Life, recalled that his company increased its suicide clause to two years recently, but not because the experience indicated there had been a selection against the company. In the six years ending June 30, 1931, the Northwestern Mutual had 70 average of eight suicide per year in the first policy year, 9½ in the second policy year, 12½ in the third policy year. There is nothing in that record, he said, which indicates a perceptible selection against the company

Disregards Moral Aspects

Mr. Evans said he is not concerned Mr. Evans said he is not concerned about the moral aspect of insuring against suicide. A man, he said, is entitled to protection against death in any form and suicide is not something that everybody wants to do and something that companies should, therefore, attempt to block. The desire for life is strong, he pointed out.

If so much insurance is written that change in financial condition makes suicide seem to be a good way out, the underwriting is at fault, according to Mr. Evans. Suicide, he pointed out, results from a complexity of social and physical conditions and it is legitimate for the companies to insure against that complexity of circumstances which might arise.

In 1930, the Northwestern Mutual had

246 suicides, he said; in 1931, 322 suicides and so far this year 317. The average duration of the policies was 11 years. One suicide had a policy 22 years old. The shortest was one-half year.

Statutes Criticized

The laws should not force companies to take risks that they do not wish to take, Mr. Evans said.

The statutes have gone too far, he

The statutes have gone too tar, he declared, in telling companies how to draw their contracts. Therefore, the companies, he said, should be free to adopt a permanent clause if they so

desire.

Mr. Evans said that whether a person,

Mr. Evans said that whether a person, suffering terrific pain and a victim of an incurable disease, ends his life now or hangs on for a few months is not a moral or a life insurance question.

J. G. Parker, actuary of the Imperial Life, said: "If I buy a house, and after five years find that I am not able to keep it up, it is not right for the public to pay me through the fire insurance route if I burn it. If circumstances make my life useless, it is not right for the public to pay through the life insur-

Life Insurance in Canada Attains Its 85th Birthday

Life insurance began in Canada 83 years ago, Nov. 9, when H. C. Baker, who had ridden all the way to New York City by horseback and stage coach to have his life insured, took out a policy with the Canada Life, which he founded. The average policy for every man, woman and child in the Dominion today is \$638. More than 12 of what are called commonly major depressions in Canada have been experienced without a single policyholder losing a dollarout a single policyholder losing a single policyholder in Canada have been experienced without a single policyholder losing a dollar through the failure of a Canadian company. For nearly 25 years the Canada Life was the only native company. Many strong British and foreign companies had begun business in the '60s. New Canadian companies then were being founded. Shortly after 1867, the total insurance in force in the Dominion was \$30,000,000. In 1885 it was 150,000,000 and in 1900, \$430,000,000. Three is now some \$6,500,000,000 in force in is now some \$6,500,000,000 in force in the Dominion.

Automobile accidents the last year. the last year. Automobile accidents have accounted for 4 percent of the claims this year as compared with 5.4 percent last year and other accidents have been responsible for 7 percent of the claims this year compared with 8 percent last year. The amounts involved in carbon monoxide deaths are greater this year. this year.

Older Ages Are O. K.

Mr. Mead said that an application for Mr. Mead said that an application for too much double indemnity earmarks the entire risk as dangerous. He said that the Lincoln National has been careful in the selection of applicants above age 60 and the experience has been favorable. Likewise, it has been favorable from ages 50 to 60. The greatest difficulty has been proportioned in est difficulty has been encountered in ages 40 to 50.

Mr. Mead told a story, illustrating some pitfalls in underwriting. A man, he said, under middle age in 1923 took out two policies for \$25,000 each. He out two policies for \$25,000 each. He had a history of sugar. In 1928 he applied for \$100,000 in a third company and was examined in a routine manner. The blood sugar test was not taken under the circumstances that were indicated by his history. He was accepted on a 150 percent basis. As a result of the examination for this insurance, he obtained a total of \$600,000 insurance by using a photographic copy of the examination. using a photographic copy of the examination. The total earned income of this man was \$10,000 and his investment income was about \$15,000. He was accepted by three companies at standard rates, by one company for \$150,000, another for \$50,000 and a third for \$50,000. he having applied to that company for \$200,000

Mr. Mead said that a casual review should have revealed that the applicant had been subjected to no real sugar tolerance test. It developed that the test was made under the supervision of a broker, who was trying the diet treat-

ment.
The risk was submitted to many con panies and although some of them scaled down the amount requested, the appli-cant got all the insurance he wanted. The companies are loaded with a haz-ardous amount of insurance, Mr. Mead

pointed out.

L. M. Cathles, president of the North
American Reassurance, said that Euromoral or a life insurance question.

J. G. Parker, actuary of the Imperial Life, said: "If I buy a house, and after five years find that I am not able to keep it up, it is not right for the public to pay me through the fire insurance route if I burn it. If circumstances make my life useless, it is not right for the public to pay through the life insurance route if I destroy that life."

The representative of one company said that suicide claims of his company so far this year have been 7 percent of the total as compared with 4.4 percent in



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MIETHODS

"Millionaire" and Home Office Man Present Valuable Work Programs At Mutual Benefit Agency Meeting

Two valuable formulae for selling life musurance in the present market, one by cours C. Roth, "millionaire" producer of the Buffalo, N. Y., agency of the Mutual senefit, and the other by G. F. Ream, ledd service manager of the company at the home office, were presented in a meday meeting of the A. A. Drew genal agency of the Mutual Benefit in hickago.

Both men gave what they considered should not be interested in whether the I wo valuable formulae for sening file insurance in the present market, one by Louis C. Roth, "millionaire" producer of the Buffalo, N. Y., agency of the Mutual Benefit, and the other by G. F. Ream, field service manager of the company at the home office, were presented in a one-day meeting of the A. A. Drew gen-eral agency of the Mutual Benefit in

Both men gave what they considered five fundamentals, but they differed somewhat in their method of attack. Mr. Roth has had an outstanding record with the company for ten years. Oliver with the company for ten years. Oliver Thurman, vice-president and superintendent of agencies, stated at the meeting that Mr. Roth overcame many handicaps, including humble origin, lack of proper education and business failures. Mr. Roth spoke on "Thinking Right in the Business of Life Insurance."

the Business of Life Insurance.

He considered the fundamentals: 1.

Know exactly what you want to do.

2. Want to do it hard enough. 3. Confidently expect to do it. 4. Persistently determine to do it. 5. Be willing to

must think right about his company; he should not be interested in whether the dividend or interest rates are to be decreased. He should be attuned and not critical. Second, he should think right about his general agent if he wants to continue producing. He should make allowances for the fact his general agent is a human being and likely to make mistakes. Third, the agent should think right about every man in the office.

Mr. Roth said in emphasizing his first fundamental that an agent must know approximately his budget requirements and then set a quota to balance them. He should study the types of people and the cases with which he has been most successful. He said few agents are will-

ing to pay the price necessary to gain success in the business. He believes every man should aspire to be the leader in his agency, to be known favorably in his community and to be recognized by his friends and acquaintances as the right type of underwriter to recommend to others.

right type of underwriter to recommend to others.

"Life insurance is always hard to write," Mr. Roth said. "It was hard to write in 1928-1929, when people thought only of quick profits, and it is hard in 1932. I want it to remain hard to sell life insurance. Therein lies my opportunity. If it were easy to sell we would find janitors, day laborers and others selling it, and probably my income would be that of a ianitor.

Faith in Selves and Definite Plans Are Needed

"We must have faith in ourselves. Daily planning is essential and a definite sales presentation. We should know exactly what we are going to say and understand our business thoroughly. One of the things that holds most of us back is the approach. We do only the things well that we like to do, and most men do not like the approach."

Mr. Roth explained that sometime ago he recognized this aversion in himself

he recognized this aversion in himself and deliberately set about making him-self like to approach men. He said he has come to the point where he thor-oughly enjoys the approach; it is now

no longer difficult for him and he fee's he has made a big step forward in this one respect alone.

Mr. Roth's approach is very simple. He says something like, "Mr. Jones, I'm in the life insurance business and would like an opportunity to talk to you some time." Mr. Roth explained that it required ten years of painful experience for him to learn that men do not object to talking about life insurance. He used to approach a prospect indirectly, and he said sometimes after a half hour's conversation the man would have to ask what his business was. Now the prospect knows immediately.

"We should be willing to work when

what his business was. Now the prospect knows immediately.

"We should be willing to work when others are not," Mr. Roth said. "We should be ready to ask others to help, such as giving the names of friends and prospects." He claims that his life insurance business always comes first. He was preparing to go to an important football game in the east one Saturday afternoon this fall when a man reminded him of a tentative appointment to go over a company's financial statement. The two spent the afternoon doing this and Mr. Roth said he enjoyed the work more than he would have attending the game. He said there is a field open, that of insurance on executives of corporations. His office examines about 50 Dun's statements each week and finds a large proportion of companies carry a big percentage of cash which is not



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Insurance R & R Service Indianapolis, Indiana

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working. He finds in this situation opportunity to cover with life insurance against the loss of an important executive, to offer the highest type of investment and enable the company to carry its reserves in one of the safest and most

its reserves in one of the safest and most liquid forms.

Mr. Ream said that ideas, properly arranged, forcibly expressed and humanized are essential in any organized sales presentation. The presentation should be mastered, he emphasized. It should be "forged in the fire of your own needs

and experiences. He said he finds a prospect, as always, a person needing life insurance, having health and the money to pay for it. He pointed out that much more careful selection is necessary today. The general run of mankind needs life insurance eral run of mankind needs life insurance a great deal more than ever before, but the power to pay has decreased. The agent's job is to intensify the processes of search, Mr. Ream said. His plan should be one that produces prospects in adequate number over an indefinite period, otherwise, he will find himself bucking the law of diminishing returns.

Six Factors Are Cited in Agent's Work Program

The work program contemplates six factors: Sales interviews, without which no salesman can succeed; prospecting, case preparation, service, office work

A standardized system of records is necessary for every underwriter. He should have the facts of every case always at hand. Mr. Ream said the only man who does not need such records in the control of t ords is the one with such an infinite capacity for remembering a mass of detail that he can recall indefinitely the name, age, date of birth, business, other life insurance, family and personal setup of every man he canvasses, and all data regarding his family, his aims in life, etc.

Motivation is one of the most absorb-ing studies of the present, Mr. Ream said. It is one on which every individual underwriter may spend consider-able time, analyzing himself, finding out what line of thought is necessary to bring himself to the proper mental atti-tude for successful underwriting.

Sales Outlook Is Eyed by Actuaries

(CONTINUED FROM PAGE 2)

dropping and institutions were crum-bling, people regretted not having made greater investments in life insurance and perhaps vowed to take the safe course in the future. But when the picture changes, according to Mr. Cathles, a dif-ferent psychology will prevail. People will again be eager for profit and en-hancement of values.

Absorption Power Reduced

W. M. Morris, vice-president Atlantic Life, observed that with lower interest rates, distressed real estate, increasing mortality, increases for a time in disability losses, the absorption power of most companies will be limited in the near future unless there can be a change in the valuation standard or a new method of compensation to agents.

C. O. Shepherd, vice-president and actuary Missouri State Life, expressed the belief that if incomes are adjusted so that a corner on wealth is not held by

a few men that there will be a stimu-lation in life insurance sales. He pointed out that the companies can't get addi-tional insurance and don't want additional insurance from men in the \$500,-000 income class, for instance. If that 000 income class, for instance. If that income, in the process of readjustment, is broken down to reach those in the lower income class, he said that there will be many, who are now buying industrial insurance, who will have the capacity to pay for ordinary.

The masses of the people, Mr. Shepherd said have been educated to the

herd said, have been educated to the value of insurance through group and industrial, much as they were through war risk insurance.

Devlin Heads Officers and Daugherty Research Bureau

(CONTINUED FROM PAGE 2)

kind of educational advertising campaigns," Mr. Hawkins said, "would benefit all insurance companies, due to three things: Increase of sale of insurance, cutting the cost of obtaining it and diminishing lapses."

Dramatic Episo

The second day's session of the joint meeting had a stimulating conclusion. Throughout the day, long papers had been presented on budgetary control and although interesting they were not capable of provoking enthusiasm. In the late afternoon Russell Thierbach, assistant superintendent of agents for the Northwestern Mutual, was introduced as an extra speaker. He immediately captured the audience by saving that at as an extra speaker. He immediately captured the audience by saying that at least one function of life insurance companies was to sell life insurance and he recognized to give a production of life. proceeded to give a production talk, which warmed the hearts of his listeners. He told about the Northwestern Mutual's formula—40-40-14 and 1. That signifies that for 40 hours of work, 40 signifies that for 40 hours of work, a calls should be made, resulting in 14 interviews and one sale. Use of this formula, he said, makes results certain and replaces doubt and worry on the part of the agent. The formula was arrived by studying 750,000 field hours, including the depression and prosperous years. In 1929, he said, the survey showed that 54 minutes of office or field time were required to make one call and the same time is required in 1932. In 1929, 79 percent of the calls made resulted in the agent's seeing the prospect, as compared with 70 percent today. Fifty-two perwith 70 percent today. Fifty-two per-cent of all those seen in 1929 were inter-viewed and about the same ratio prevails where required to make one sale in 1929 and 50 hours this year. Thirty-eight calls were required to make one sale in calls were required to make one sale in 1929 and 56 this year; and 14 interviews were required in 1929, compared with 19 this year. The depression, Mr. Thierbach concluded, has affected salesmen about 37 percent. In first year commissions, a call in 1929 was worth \$1.67 and in 1932, worth \$1.07, and a day in 1929 was worth \$13.79 and in 1932, \$10.10. After the speech, F. B. Mead of the Lincoln National asked whether \$10.10 this year would not have the same pur-

ure his results by the average. He said that the extra hours put in after the absolute minimum have more value that the minimum standard hours, because of the momentum gained. Weekly production is absolutely necessary, he said.

Actuarial Touch Is Needed Today

(CONTINUED FROM PAGE 3)

said that the ability to cooperate was have a definite influence on salaries. Actuaries, he said, should get out of their compartment. There are no two departments in the business that can department and advantageously than the said that the ability to cooperate will cooperate more advantageously than the agency and actuarial, he said.

McConney Gives Views

E. McConney of the Bankers Life of Iowa said that his company keeps persistency cards for the individual agents and first and second year persistency records for the agency and these records are a factor in club membership.

The Bankers Life, he said, has a monthly record of the cost of each agency, which is conducted on the managerial system, and the plan is now being extended into the general agency offices.

offices.

offices.

The present system of commissions, according to Mr. McConney, encourages the writing of new business at the expense of the old.

Franklin B. Mead of the Lincoln National and president of the Institute, said that he has felt for a long time that the head of the compensated by quality the compensated by quality.

agents should be compensated by quality

instead of quantity, but the problem is how to do this.

W. A. Jenkins, assistant actuary of the Lincoln National, said that his company analyzes the quality of the business and the relationship between the compensation to agents and the value of that business. The common denominator, according to Mr. Jenkins, is the profit or loss to the company on the business. siness.

The Lincoln National has two indices, The Lincoln National has two indices, he said. The first is the total loss sustained by the company in the first policy year, which is the difference between all expenses, claims, etc., and the premiums and interest. This must be liquidated in a reasonable time, he pointed

out.

Then there is the loss or profit over a ten-year period, which indicates the real value of the business to the company. This index is reduced to a basis of \$1,000 paid for. A quarterly survey is made on the basis of these two indices. If the quality is not satisfactory, the indices will indicate that fact.

The basic factors taken into consideration are the acquisition cost, first year lapse rate and the average policy amount. Mortality expense is not charged or credited to the agency.

Through the use of these indices, the company, he said, is able to deal more fairly with its agencies and field men.

Numerical Ratting

Numerical Rating

L. M. Cathles, president of the North American Reassurance, said there is more to quality of business than rejec-tions, lapse rates and average policies, which are readily ascertainable. Whether which are readily ascertainable. Whether the policies are really good will not be discovered for years to come he said. A guess can be made as to the value of business, he said, by using a numerical rating for all risks in the various agen-cies. The difference in average rating of the different agencies would be impor-

V. R. Smith of the Confederation Life erage policy is only an approach to the problem from one point of view. The real test is whether the business of an agency is adding to the free surplus of the company.

the company.

E. W. Marshall, vice-president and actuary of the Provident Mutual, explained further the Provident Mutual

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